

Fiscal Year 2000 Budget
Summary and Background Information

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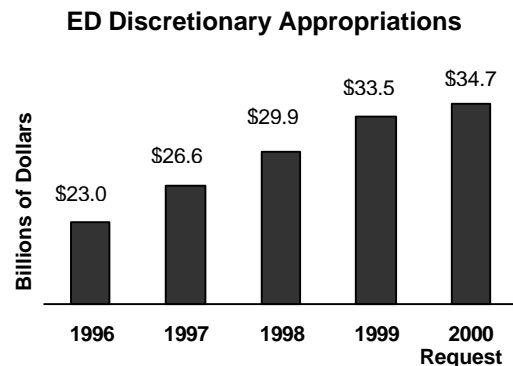
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*If we do these things –
end social promotion, turn around failing schools,
build modern ones, support qualified teachers,
promote innovation, competition and discipline –
then we will begin to meet our generation's historic
responsibility to create 21st century schools.*

*William J. Clinton
January 19, 1999*

I. SUMMARY OF THE 2000 BUDGET

Over the past six years President Clinton has worked with the Congress to enact the most comprehensive, wide-ranging elementary and secondary education reforms in history. The Goals 2000: Educate America Act, the Improving America's Schools Act, the School-to-Work Opportunities Act, the Individuals with Disabilities Education Act Amendments of 1997, the Reading Excellence Act, and Class Size Reduction—all were designed to help States and school districts put into place challenging standards for all students. This new legislation was accompanied by substantial new budgetary resources, as the Department of Education's discretionary budget rose from \$23.0 billion in fiscal year 1996 to \$33.5 billion in fiscal year 1999, an increase of \$10.5 billion or 46 percent.



Partly as a result of these efforts, nearly every State has set higher standards for public schools, and there are promising signs of real progress toward meeting those higher standards. The National Assessment of Educational Progress (NAEP), for example, has shown significant increases in the percentages of 4th grade students scoring at both the basic and proficient achievement levels, particularly among students in high-poverty schools. The National Education Goals Panel reported that between 1990 and 1996, 27 States significantly increased the percentage of 8th graders scoring at either the Proficient or the Advanced level on the NAEP math test.

Several States have made remarkable progress in a very short period of time. Texas, for example, increased the percentage of its 4th grade students scoring at the Proficient or Advanced levels on the NAEP math test from 15 percent in 1992 to 25 percent in 1996. North Carolina more than doubled the percentage of its 8th graders reaching the same standard in mathematics achievement, from 9 percent in 1990 to 20 percent in 1996.

When the Rand Corporation set out to identify the factors accounting for the success of North Carolina and Texas in improving student achievement, it found that both States had pursued education policies that aligned standards, curricula, and assessments and that held schools accountable for student academic performance.

The President's 2000 budget request for education is designed to help bring that same combination of standards and accountability that is working so well for Texas and North Carolina to every State and school district in the Nation.

The President is requesting \$34.7 billion in discretionary appropriations for the Department of Education in fiscal year 2000, an increase of \$1.2 billion or 3.7 percent over the 1999 level.

Major increases in the 2000 request include \$400 million for after school enrichment activities under the 21st Century Community Learning Centers program, \$320 million to bring new accountability and turn around low-performing schools in the Title I program, \$200 million to hire more teachers in the new Class-Size Reduction program, \$190 million for Adult Education programs that improve literacy and help immigrants learn English, and \$120 million to provide new pathways to college for disadvantaged students through the GEAR UP initiative. College financial aid also continues to increase in the 2000 budget with a \$125 boost in the maximum Pell Grant and increases for Work-Study and Supplemental Educational Opportunity Grants.

Total Department Appropriations
(in billions of dollars)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
Discretionary	\$29.9	\$33.5	\$34.7
Mandatory	<u>5.8</u>	<u>5.5</u>	<u>3.5</u>
Total	35.7	39.0	38.2

The Department's 2000 request is complemented by significant non-discretionary investments in education, including a renewed School Construction and Modernization tax incentive, the HOPE Scholarship and Lifetime Learning tax benefits that families are claiming for the first time this year, and the e-rate subsidies for educational technology. In particular, the School Construction proposal—which the President is making for the third year in a row—would support \$22 billion in interest-free bonds to help build new schools to ease overcrowding, make safety repairs, and upgrade facilities to accommodate new technologies. The combination of discretionary and non-discretionary resources in the President's budget is targeted to the following areas:

ACCELERATING CHANGE AND INCREASING ACCOUNTABILITY

President Clinton has often said that someone, somewhere in America has the solution to nearly every problem faced by our schools. We have long known the ingredients for successful schools; the challenge is to give parents and teachers and superintendents the tools to put them in place and stimulate real change right now. Smaller classes in the early grades, technology in every classroom, and money to put research into practice are just three of the proposals below that can help.

- \$600 million for 21st Century Community Learning Centers, an increase of \$400 million to help some 2,000 additional school districts create or expand after-school programs offering academic and recreational services to students. The request, along with a proposed requirement for matching funds, would support about 2,500 districts and serve approximately 1.1 million students of the estimated 15 million school-aged children who go home alone after school each day.
- \$461 million for Goals 2000 State grants to support State and local educational reform efforts and help approximately 5,000 school districts to implement the types of reforms necessary to ensure that their students are able to meet challenging State standards. The General Accounting Office recently reported that many State officials considered Goals 2000 to be a "catalyst" and "a significant factor in promoting their education reform efforts."

- \$450 million for the Technology Literacy Challenge Fund, a \$25 million increase, to help schools integrate technology into the curriculum and ensure that teachers are trained to use educational technology effectively.
- \$200 million to strengthen accountability in Title I of the Elementary and Secondary Education Act. The request would reserve \$200 million in Title I funds to accelerate implementation of the Title I accountability provisions. These funds will enhance State efforts to improve low-performing schools.
- \$175 million for the Comprehensive School Reform Demonstrations program, an increase of \$30 million to provide new grants to an estimated 560 schools and continue support for more than 2,700 schools already using CSRD funds to carry out research-based school improvement.
- \$130 million for Charter Schools, an increase of \$30 million, to support the start-up of up to 1,700 new or redesigned schools that offer enhanced public school choice and have the flexibility to offer innovative educational programs, in exchange for greater accountability for student achievement.
- \$109 million for the National Education Research Institutes, an increase of \$45 million, to help meet the growing demand by parents, teachers, and administrators for research-based information on what works in education. Roughly \$25 million of the increase would be used for a joint Department of Education/National Science Foundation research initiative on reading and mathematics in the early grades.
- \$20 million for the Advanced Placement Incentive program, an increase of \$16 million, to increase opportunities for students to enroll in and complete advanced placement programs by supporting State and local efforts to develop AP and other challenging courses and train teachers for those courses.
- \$16 million to continue development of the voluntary national tests in reading and math, including pilot-testing of test items and field-testing of test forms.

MASTERING THE BASICS

High standards are the key to all effective education reform, and the move to high standards starts with mastering the basics. Reading, writing, and challenging mathematics are the gateways to future learning for all students. The Federal role in supporting the basics is especially critical for low-income students and students with disabilities. The 2000 budget includes the following programs focused on mastering basic skills:

- \$1.4 billion for the Class Size Reduction program, an increase of \$200 million, would support the hiring of more than 38,000 teachers in the second year of the program, or almost 40 percent of the President's commitment of 100,000 new teachers over 7 years. The program is aimed at reducing average class sizes to 18 students in grades 1 through 3 nationwide and also provides training to help teachers teach reading and other subjects effectively in small classes.

- \$286 million for the Reading Excellence program, an increase of \$26 million to expand support for extended learning time for all children to practice and further develop their reading skills, to train teachers in reading instruction, and to promote family literacy activities. This program responds to the President's America Reads Challenge, which calls for all children to read well and independently by the end of the third grade.
- \$8 billion for Title I Grants to Local Educational Agencies, an increase of \$320 million, to help children in high-poverty schools reach the same challenging academic standards as other students. The request would provide additional funds to higher-poverty schools through the Targeted Grants formula, while reserving about \$200 million to help States and local districts turn around low-performing schools.
- \$65 million for Community-Based Technology Centers, an increase of \$55 million to expand access to technology-based resources for low-income families by bringing technology to public housing, community centers, libraries, and other community facilities. Projects help community residents gain technology skills, take courses on-line, and access on-line job databases and other information.
- \$50 million for the Special Education Primary Education Intervention program, a new initiative to help school districts meet the needs of children aged 5 through 9 who have marked problems learning to read or who have behavioral problems. Hundreds of thousands of young children who may later be identified as learning disabled or emotionally disturbed could benefit from early intervention.
- \$30 million for Eisenhower Professional Development Federal Activities, an increase of \$6.7 million that would be used to support America Counts, a new initiative to ensure that middle school students master the fundamentals of algebra and geometry. These "gateway" subjects are essential pre-requisites for higher-level math and science courses in high school and college.
- \$14 million for efforts to improve writing, including \$10 million for the National Writing Project to improve the teaching of writing in every State and geographic area and \$4 million to develop and evaluate models of effective writing instruction.
- \$9.5 million for Civic Education, an increase of \$2 million to support efforts by the Center for Educational Technologies to design and develop a CD-ROM that would complement the "We the People" curriculum by helping young people to study and explore the United States Constitution.

BETTER TEACHING FOR ALL STUDENTS

Improved student achievement starts with teachers in every classroom who are prepared to teach to high standards. Raising the bar for teachers will be especially difficult in view of estimated shortage of 2 million teachers over the next 10 years, but is essential if we are to meet the educational needs of growing numbers of disadvantaged and minority students. The following proposals will help:

- The \$1.4 billion Class Size Reduction program contributes to better teaching not only through smaller classes but also by allowing school districts to use up to 15 percent of their allocations to improve teacher quality through such activities as testing new teachers for academic content knowledge and providing current teachers instruction in teaching reading and other subjects effectively in small classes.
- \$335 million for Eisenhower Professional Development State Grants helps States and school districts provide the intensive professional development needed to ensure that there is a talented and dedicated teacher in every classroom.
- \$115 million for Teacher Quality Enhancement Grants, an increase of \$40 million, to help States improve the quality of their teaching force, strengthen the capacity of educators to design effective teacher education programs, and reduce shortages of qualified teachers in high-poverty school districts.
- \$75 million for Bilingual Education Professional Development, an increase of \$25 million, to address the critical national shortage of well-prepared bilingual and English-as-a-second-language (ESL) teachers. The State of California, for example, recently reported a shortfall of over 20,000 bilingual and ESL teachers.
- \$30 million for the Middle School Teacher Training initiative, which would support a technology teacher leader in every middle school and encourage schools to establish technology literacy requirements.
- \$18.5 million for the National Board for Professional Teaching Standards, which administers a voluntary assessment and certification process for teachers based on national standards of excellence. Funds support the development of standards and assessments in up to 30 specialty areas as well as teacher subsidies to help certify 105,000 teachers by the year 2006.
- \$18 million for Troops to Teachers to help retiring military personnel and other mid-career professionals become teachers in public schools.
- \$10 million for a new American Indian Teacher Corps program, which over the next five years would recruit and train 1,000 new Indian teachers to work in Native American communities. The initiative would fund program costs at Tribal Colleges and other postsecondary institutions, pay tuition and living expenses for prospective teachers, and support in-service training for educators already employed in Indian schools.

KEEPING OUR CHILDREN SAFE AND DRUG-FREE

Threats of violence, the temptation of drugs and alcohol, and crumbling facilities are major obstacles to higher academic achievement in too many schools, as well as a major worry for parents and families. The proposals below will help eliminate these obstacles and give parents peace of mind.

- \$22 billion in interest-free bonds for School Construction to help school districts pay for urgently needed repairs (many of them safety-related), modernize facilities to take advantage

of new educational technologies, and build new schools to serve booming elementary and secondary enrollments.

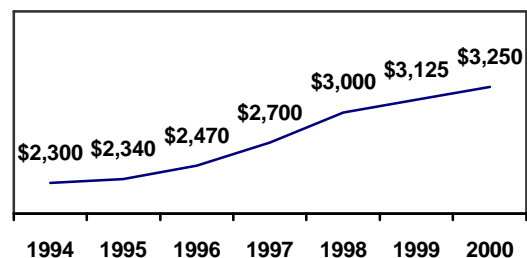
- \$439 million for Safe and Drug-Free Schools State grants, which help nearly all school districts develop and implement programs designed to reduce drug use and violence in schools. The request would provide larger grants to the districts with the greatest need for prevention programs by requiring States to distribute 30 percent of their funds as competitive grants.
- \$50 million for the Safe and Drug-Free Schools Coordinator initiative, an increase of \$15 million, to pay for 1,300 drug coordinators who will serve up to 6,500 middle schools.
- \$12 million for "Project SERV" (School Emergency Response to Violence), which will support efforts by the Department—in partnership with other Federal agencies—to provide emergency assistance to schools affected by violence or other traumatic incidents.

STUDENT AID

The expansion of Federal postsecondary student financial aid under President Clinton means that no student is precluded from a college education for financial reasons. Larger Pell grants, expanded work-study opportunities, lower borrowing costs on student loans, and generous Hope and Lifetime Learning tax benefits make college possible for all who qualify. Paying for college is still a difficult burden, however, especially for low- and middle-income families. The 2000 request for student aid will help reduce that burden:

- Total student financial aid available would be expanded to \$52.1 billion, a 3.9 percent increase over the 1999 level. Grants, loans, and work-study opportunities would be provided to over 8.7 million students, over 300,000 more than in 1999.
- The Pell Grant maximum award would increase by \$125 to \$3,250, the highest ever, to improve access to postsecondary education for students from the neediest families. Nearly 3.9 million students, an increase of 53,000, would receive grants under the program.
- A \$64 million increase for Work-Study, for a total of \$934 million, would achieve the President's commitment to give 1 million recipients the opportunity to work their way through college. The Work-Study request also would bolster the President's "America Reads" and "America Counts" initiatives under which Work-Study recipients serve as reading and math tutors.
- A \$12 million increase for SEOG would provide nearly \$800 million in available grant aid to over 1.1 million needy undergraduate students.

Pell Grant Maximum Award



- In 2000, 12.7 million students and their families will save \$7.5 billion through the HOPE Scholarship tax credit and Lifetime Learning tax deduction, which help pay postsecondary educational expenses. In addition, the Education IRA will promote savings for future educational expenses.
- A new \$17 million D.C. Resident Tuition Support program would pay the difference between in-State and out-of-state tuition at all public institutions of higher education in Maryland and Virginia on behalf of eligible D.C. residents.

REACHING AND COMPLETING COLLEGE

Despite the availability of significant postsecondary student financial assistance, too few disadvantaged and minority students pursue and complete a postsecondary education. Most if not all jobs in our technology-based economy require some form of college education. Continued American prosperity in the 21st century will require the skills and contributions of all our citizens. The proposals below are intended to increase college-going and college-completion rates for disadvantaged and minority students, in part by encouraging them to think about college in the early grades so that they take the appropriate courses and are prepared for success in postsecondary education.

- \$240 million for Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP), an increase of \$120 million, to help give an estimated 381,000 disadvantaged students the skills and encouragement they need to successfully pursue postsecondary education. The request would support early intervention services such as mentoring, tutoring, and career counseling in nearly 1,000 high-poverty middle schools.
- \$630 million for TRIO, an increase of \$30 million, to improve postsecondary participation and completion rates of disadvantaged individuals through outreach and student support services extending from middle school through graduate education.
- \$260 million for Title III Aid for Institutional Development, an increase of \$22 million, to expand support for institutions enrolling large numbers of disadvantaged and minority students. The total includes a \$14 million or nearly 11 percent increase for Historically Black Colleges and Universities and would double funding to \$6 million for Tribally Controlled Colleges and Universities.
- \$35 million for a new College Completion Challenge Grants program that would help postsecondary institutions increase the persistence rate of students who are at risk of dropping out. Funds would be used to strengthen student support services, augment student aid awards, and finance intensive summer programs.
- \$20 million for Learning Anytime Anywhere Partnerships would double funding to enhance the delivery of postsecondary education and lifelong learning opportunities for citizens in all settings.
- The \$15 million Preparing for College initiative would provide vital information to young students and their parents about the importance of higher education and the steps needed to go to college.

HISPANIC INITIATIVE

Hispanic Americans are the Nation's fastest growing minority group and one that presents a special challenge to our educational system. Barriers of language and culture have contributed to a persistently high dropout rate and discouraged many Hispanics from pursuing higher education. The 2000 request includes the following proposals targeting the educational needs of Hispanic Americans:

- \$468 million for Adult Education State Grants, an increase of \$103 million aimed primarily at expanding State efforts to help immigrant and other limited English proficient adults, including Hispanics, to learn English and make a successful entry into the workforce and the mainstream of society.
- \$402 million for three programs that serve the children of migrant agricultural workers (and, in some cases, migrant workers themselves) to improve the education of one of America's most disadvantaged populations. The Title I Migrant, High School Equivalency, and College Assistance Migrant programs would receive increases totaling \$34 million.
- \$70 million for an Adult Education initiative to demonstrate methods of providing instruction in English as a second language and civics/life skills to immigrants. The demonstration would be focused on serving young adult immigrants who have entered this country during the last few years, were never enrolled in American schools, and who often completed minimal education in their native countries.
- \$75 million for Bilingual Education Professional Development, an increase of \$25 million, to address the critical national shortage of well-prepared bilingual and English-as-a-second-language (ESL) teachers. The State of California, for example, recently reported a shortfall of over 20,000 bilingual and ESL teachers.
- \$170 million for Bilingual Education Instructional Services, an increase of \$10 million, to provide additional assistance to school districts that are enrolling increasing numbers of limited English proficient students and have little prior experience in serving these students.
- \$42 million for Developing Hispanic-Serving Institutions, an increase of \$14 million to expand the academic offerings, program quality, and institutional stability of postsecondary institutions serving over half of all Hispanic students.

II. THE 2000 EDUCATION BUDGET BY PROGRAM AREA

A. ELEMENTARY AND SECONDARY EDUCATION

Overview

The 2000 budget for elementary and secondary education includes significant increases for priority programs. Combined with “tax expenditures” for the President’s School Construction proposal, the request demonstrates the continued Administration commitment to school reform and improvement by helping States and localities to reduce class sizes, build and renovate schools, ensure that every student is taught by a well qualified teacher, and enable every child to learn to challenging academic standards. The total request for discretionary elementary and secondary education programs is \$14.5 billion, an increase of \$697 million or 5.1 percent over the 1999 level. Highlights of the request for elementary and secondary programs include:

- \$8 billion for Title I Grants to Local Educational Agencies, an increase of \$320 million, with \$200 million of the increase focused on efforts to hold schools accountable for results. The requested funds will give States and school districts additional resources to turn around failing schools, provide incentives for greater school success, and ensure that all students achieve to the standards at their grade level before going on to the next level. The request also would direct a greater share of Title I funding to school districts with high concentrations of poor children by distributing \$756 million through the Targeted Grants formula.
- \$1.4 billion, a \$200 million increase, for the second year of the Class Size Reduction initiative, which helps schools improve educational results by reducing class sizes with well-qualified teachers in the early grades. The 1999 appropriation will support the hiring of some 30,000 new teachers, as the first step toward the President’s goal of hiring 100,000 over seven years. The 2000 request will support hiring more than 38,000 teachers. To sustain momentum for this initiative, and to ensure that class-size reduction is a joint Federal, State, and local effort, the Department will propose that a portion of the 2000 Federal contribution be matched by States and localities.
- \$450 million for the Technology Literacy Challenge Fund, a \$25 million increase, to help schools integrate technology into the curriculum and, in particular, to ensure that teachers are trained to use educational technology effectively.
- \$30 million for a new Middle School Teacher Training initiative, which would help train a technology teacher leader in every middle school who would work to integrate technology literacy into academic curricula.
- \$402 million, a \$34 million increase, for three programs that serve the children of migrant agricultural workers: the Title I Migrant program, the High School Equivalency program, and the College Assistance Migrant program. This request is part of the Administration’s overall policy of focusing budget resources on programs that can help Hispanic Americans and other limited English proficient individuals succeed educationally and enter the economic mainstream.

- \$286 million, a \$26 million increase, for the new Reading Excellence Act, for local literacy efforts aimed at ensuring that every child can read well and independently by the end of the 3rd grade.
- \$175 million for Comprehensive School Reform Demonstrations, a \$30 million increase, to support a second round of grants and allow more schools serving low-income populations to implement comprehensive, research-based educational reforms. The program receives funding under Title I (\$150 million) and in the Fund for the Improvement of Education (\$25 million), with technical assistance provided through the Department's Regional Education Laboratories.
- \$130 million for Charter Schools, an increase of \$30 million, to support the start-up of some 1,700 new or redesigned schools that offer enhanced public school choice and have the flexibility to offer innovative educational programs, in exchange for greater accountability for student achievement.
- \$114 million for Magnet Schools, including a \$10 million increase to support inter-district magnet programs.
- \$591 million for Safe and Drug-Free Schools programs, an increase of \$25 million over 1999. The request includes a \$15 million increase for the Coordinator Initiative, which will place 1,300 drug coordinators in middle schools across the Nation, and \$12 million for the "Project SERV" proposal, under which the Department will partner with other Federal agencies in assisting communities affected by violence or other traumatic incidents.
- \$20 million for the Advanced Placement Incentives program, a \$16 million increase to launch a three-year effort to expand AP or other challenging courses to every high school in the Nation through such activities as curriculum development and teacher preparation.
- \$77 million for Indian Education, an \$11 million increase, primarily to support a \$10 million "American Indian Teacher Corps" initiative, which will train 1,000 new Indian teachers over a five-year period for positions in schools that have concentrations of Native American students.

School Construction

In response to the urgent need for school renovations and additional classrooms in communities across the Nation, the President's budget includes a program of Federal subsidies for school construction bonds used to pay for new construction and for repair and renovation of existing facilities. This program would provide tax credits to eliminate the interest costs of such bonds. The Federal Government would subsidize the issuance of \$22 billion in special 15-year bonds over the next two years—\$11 billion in 2000 and \$11 billion in 2001.

One-half of this bond authority would be allocated, by formula, to the States and one-half to the 100-125 local educational agencies with the largest number of children living in poverty. In addition, the Secretary of the Interior would allocate \$200 million in bond authority each year to tribes, for renovations and repairs to Indian schools.

This new initiative would be modeled after the Qualified Zone Academy Bonds program enacted by Congress in the Taxpayer Relief Act of 1997. That program subsidizes bonds issued by school districts for the purpose of school renovations and repairs, as well as equipment purchases and both curriculum and professional development. The bonds can be used for schools that are in Empowerment Zones and Enterprise Communities, or in which at least 35 percent of students are eligible to participate in the school lunch program. The total amount of bonds issued under the Qualified Zone Academy program is currently capped at \$400 million in each of calendar years 1998 and 1999. The Administration is proposing to extend the Qualified Academy Zone Bonds by authorizing an additional \$1 billion in bonding authority in 2000 and \$1.4 billion in 2001.

Goals 2000: Educate America
(BA in millions)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
State and Local Education			
Systemic Improvement	\$466.0	\$461.0	\$461.0
Parental Assistance	<u>25.0</u>	<u>30.0</u>	<u>30.0</u>
Total	491.0	491.0	491.0

Goals 2000 helps schools, communities, and States develop and implement their own strategies based on standards of excellence for improving elementary and secondary education. These strategies center on the creation and implementation of high standards and challenging assessments in core academic subjects that define what all students should know and be able to do at various grade levels.

With the help of Goals 2000, States are establishing academic standards and coordinating their curriculum frameworks, student assessment programs, teacher preparation and licensure requirements, parental and community involvement activities, and other aspects of their education systems to achieve the State standards. In this way, schools can measure progress through the new assessments, and parents and the public can get information about how well schools assist all children in reaching the standards.

A recent General Accounting Office report found that, according to State officials, Goals 2000 "has been a significant factor in promoting their education reform efforts and, in several cases, was a catalyst for some aspect of the State's education reform movement." GAO also reported that "State and local officials said that Goals 2000 funding provided valuable assistance and that, without this funding, some reform efforts would not have been accomplished or would not have been accomplished as quickly."

In addition, a recent report of the National Education Goals Panel found that sustained, consistent reform policies (of the type financed by Goals 2000), backed by political leadership and business support in the State, was the clearest explanation for the gains by the two States, North Carolina and Texas, that have posted the largest advances in student achievement in recent years.

With 1999 State grant funds, Goals 2000 will help an estimated 12,000 schools across the Nation mobilize to design common-sense approaches to improve teaching and learning. The 2000 budget would sustain this program with level funding of \$461 million.

In addition, the request includes level funding of \$30 million for the separately authorized Goals 2000 Parental Assistance program. This program supports centers that provide parents with training, information, and support they need to help their children achieve to high standards. Centers are now operating in all States and Territories.

Class Size Reduction

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	—	\$1,200.0	\$1,400.0

The new Class Size Reduction program will help school districts improve education in the early elementary grades by providing funds to hire highly qualified teachers and reduce class sizes. The initiative responds to recent research documenting the learning gains produced by smaller classes in the early grades. For example, in the most extensive research, students in smaller classes in Tennessee outperformed their peers on every achievement measure in every year of the study. These gains were particularly strong for minority and inner-city students (although all types of students in all types of communities benefited).

Class Size Reduction was first funded in 1999 under Title VI of the Elementary and Secondary Education Act. Each State receives a formula allocation and, in turn, distributes the money to local educational agencies (LEAs) by formula. LEAs use the funds to recruit, hire, and train new teachers, and may also use up to 15 percent of their allocations to test and provide professional development to teachers. An LEA that has reduced class size to no more than 18 students per class in grades 1-3 may use its funds to make further reductions in those grades, to reduce class sizes in other grades, or to carry out additional testing and professional development activities.

The President has set a goal of hiring 100,000 new teachers by fiscal year 2005. The 1999 appropriation will pay for more than 30,000 teachers. The request would sustain momentum toward the 100,000 goal with a \$200 million increase and by requiring—through proposed appropriations language—that school districts provide a 35 percent match for any funds they receive in excess of their 1999 allocations. The funding increase and the match would combine to support the hiring of more than 38,000 teachers in the coming year. Districts with a high child poverty count would be exempt from the matching requirement.

Technology Literacy Challenge Fund

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$425.0	\$425.0	\$450.0

The Technology Literacy Challenge Fund helps States put into practice strategies to enable all schools to integrate technology into school curricula, so that students can become more

technologically literate and master the communication, math, science, and other core subjects needed to succeed in the Information Age. The Challenge Fund program is intended to achieve the following four goals by 2001:

- All teachers in the Nation will have the training and support they need to help all students learn through computers and through the information superhighway;
- All teachers and students will have access to modern multimedia computers in their classrooms;
- Every classroom will be connected to the information superhighway; and
- Effective and engaging software and on-line learning resources will be an integral part of every school curriculum.

The program provides formula grants to States based on their share of ESEA Title I allocations; States then award competitive grants to local school districts. States have a great deal of flexibility in determining how to accomplish program goals.

The 2000 request of \$450 million would provide the fourth installment in a planned five-year commitment in this area. As in 1999, the Department will encourage State and local recipients to use at least 30 percent of their grants for educator professional development in the use of technology. Since a growing number of classrooms now have computers connected to the Internet, experts have emphasized the importance of ensuring that teachers are well trained to use technology to improve instruction. The requested \$50 million increase will help States and school districts respond more quickly to this need for technology-related professional development.

The Technology Literacy Challenge Fund has supported major advances in access to technology in schools in recent years. Between 1994 and 1997, the percentage of schools connected to the Internet rose from 35 percent to 78 percent, and the proportion of classrooms connected rose from 3 percent to 27 percent. The 2000 request would help sustain these advances.

Title I: Education for the Disadvantaged
(dollars in millions)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
Grants to LEAs.....	\$7,375.2	\$7,676.0	\$7,996.0
Capital Expenses for Private			
School Children	41.1	24.0	—
Even Start	124.0	135.0	145.0
State Agency Programs:			
Migrant.....	305.5	354.7	380.0
Neglected and Delinquent.....	<u>39.3</u>	<u>40.3</u>	<u>42.0</u>
Subtotal.....	344.8	395.0	422.0
Evaluation	7.0	7.5	8.9
<u>Total.....</u>	<u>8,012.1¹</u>	<u>8,357.5¹</u>	<u>8,721.9¹</u>

¹ Total does not include funding for the Comprehensive School Reform Demonstrations program.

Title I provides supplemental programs to enable educationally disadvantaged children, particularly those attending schools in high-poverty areas, to learn the core subjects to high standards. With Title I, low-achieving children have the benefit of more individualized instruction, fundamental changes in the school to improve teaching and learning, and preschool education. Children of migrant agricultural workers, and students in State institutions for neglected and delinquent children and youth, also benefit from Title I services.

The 1999 request includes \$8 billion, a \$320 million increase, for Grants to Local Educational Agencies. The number of children served by this program has increased rapidly in recent years, as more schools have elected to establish schoolwide Title I programs. The Department estimates that in 2000 these grants will serve as many as 12 million students in 44,000 schools. The budget will help these schools continue to implement major reforms intended to help reduce the gap between the educational achievement of disadvantaged children and that of their more advantaged peers.

Reflecting the Administration's commitment to helping States and local educational agencies turn around low-performing schools and put into place measures to ensure that all students meet academic standards before advancing to the next grade, the 2000 request for Title I puts a special emphasis on educational accountability. The budget would provide States with approximately \$200 million in new resources for identifying and taking action to improve weak schools through such actions as intensive teacher training, support to improve school discipline, and the implementation of proven approaches to school reform. If these actions do not result in improved student achievement within two years, States would take additional corrective actions.

In addition, in order to channel Title I funds to the schools where those funds are most needed, the Department is proposing to allocate \$756 million through the "Targeted Grants" formula. This formula provides more funding per child than the "Basic Grants" formula to school districts that have higher percentages or numbers of children from low-income families.

In addition to Grants to Local Educational Agencies, Title I includes several other programs:

Even Start supports local projects that blend early childhood education, parenting instruction, and adult education into a unified family literacy program. The request includes a \$10 million increase to make these services available to more eligible families.

The budget includes a \$25 million increase for Migrant Education to meet the unique needs of the children of highly mobile migrant agricultural workers and bring about better coordination of the resources available for serving migrant students. In particular, the increase will help States expand their efforts to identify migrant children, pay the higher costs often associated with serving those children, and employ methods, such as distance learning, to reach migrant farmworker communities. In total, the request will support services to some 640,000 migrant students, up from 624,000 in 1999. The Title I Neglected and Delinquent (N&D) program would also receive a small increase to improve services to children and youth in State-operated institutions.

The Department is proposing a \$1.4 million increase for Title I Evaluations, which measure the impact of the LEA Grants and Migrant and N&D programs on the education of disadvantaged children. The Department will release a major national assessment of the Title I programs in February 1999. The 2000 appropriation would be used for continuing studies and analyses of longitudinal surveys, State-reported data, and other sources.

Finally the Department is requesting no funding for Capital Expenses for Private School Children. This program has helped school districts meet the extra costs of including private school children in Title I programs, under the terms mandated by the original (1985) Aguilar v. Felton decision, which prohibited provision of services at religious schools. Funds were used to pay for portable vans, leasing of neutral sites, and other costs of off-site services. In 1997, however, the Supreme Court reversed its original decision, and districts are now allowed to provide on-site instruction at religious schools. Subsequent appropriations then helped districts and private schools make the transition back to on-site services, for instance by funding the remaining costs of long-term leases. By 2000, however, this transition should be complete.

Demonstrations of Comprehensive School Reform
(BA in millions)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
Title I Demonstrations	\$120.0	\$120.0	\$150.0
Fund for the Improvement of Education.....	<u>30.0</u>	<u>25.0</u>	<u>25.0</u>
Total.....	150.0	145.0	175.0

This program, first funded in 1998, helps schools develop or adapt, and implement, comprehensive school reform programs that are based on reliable research and effective practices. The \$30 million increase requested under Title I for 2000 will expand the program to an additional 560 schools while continuing awards to the approximately 2,700 funded in 1998 and 1999.

In launching this program, the Congress recognized that a number of schools across the country are achieving impressive gains in student achievement by using new, comprehensive models for

schoolwide change, rather than a piecemeal, fragmented approach to reform. The Comprehensive School Reform Demonstrations (CSRD) initiative gives more schools the opportunity to examine successful models of reform and adapt them to their own needs. Projects in individual schools must: (1) employ innovative strategies and proven methods for student learning, teaching, and school management that are based on reliable research and effective practices, and have been replicated successfully in schools with diverse characteristics; (2) have measurable goals for student performance and benchmarks for meeting those goals; and (3) obtain high-quality technical assistance from those with expertise in schoolwide reform and improvement.

Title I CSRD funds are allocated by formula to States on the basis of each State's share of prior-year Title I Basic Grants. The States then make three-year competitive subgrants to schools participating in Title I programs. States are encouraged to give a priority to low-achieving schools that are in Title I "school improvement" status. Funding provided through the Fund for the Improvement of Education (FIE) provides additional State allocations based on each State's share of school-aged children. States may subgrant their FIE allocations to any school in the State.

The Department is conducting a three-year evaluation of CSRD that includes an electronic database on all participating schools, a longitudinal study of CSRD implementation and student achievement, focused studies of comprehensive school reform in several States and districts, and extensive site visits to help disseminate information on the early experiences in implementing CSRD in schools and districts.

High School Equivalency Program and
College Assistance Migrant Program
(BA in millions)

	<u>1998</u>	<u>1999</u>	<u>2000</u> <u>Request</u>
High School Equivalency Program.....	\$7.6	\$9.0	\$15.0
College Assistance Migrant Program.....	<u>2.0</u>	<u>4.0</u>	<u>7.0</u>
Total.....	9.7	13.0	22.0

The High School Equivalency Program (HEP) funds projects to help low-income migrant and seasonal farm workers gain high school diplomas or equivalency certificates. The College Assistance Migrant Program (CAMP) provides stipends and special services such as tutoring and counseling to migrant students who are in their first year of college. Both programs have demonstrated high success rates. In 1993-94, approximately 69 percent of HEP participants completed their GED and 96 percent of CAMP students completed their first year of college in good standing; almost 74 percent of CAMP participants eventually graduate from college.

In light of these successes, the Department proposes a \$9 million, or 69 percent, increase for the HEP and CAMP programs. The request would enable the programs to serve almost 6,000 HEP participants (up from 4,050) and 1,150 CAMP participants (instead of 700).

Reading and Literacy Grants

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	—	\$260.0	\$286.0

In October 1998, Congress passed the Reading Excellence Act, in response to the President's proposal for a new program to help States and communities ensure that all children can read well and independently by the end of the third grade. Under this new authority, the Department will make competitive grants to States that have established statewide literacy partnerships and have strategies in place for improving reading instruction. Winning States will then make subgrants to communities for activities to provide children with the skills and support they need in early childhood so that they can succeed in learning to read once they enter school. Activities include extra support in reading to children in the early elementary grades and improving reading instruction in elementary schools. The States will also use up the 15 percent of their grant funds to make "Tutorial Assistance Grants" that support after-school tutorial programs for children in need of assistance in reading.

The authorizing legislation for this program permits a State to receive a single, three-year competitive grant. With the 1999 appropriation of \$260 million, the Department expects to make 20-22 State grants. The 2000 request of \$286 million will support grants to 22-24 additional States and more than double, to almost 1.1 million, the estimated number of children served.

Eisenhower Professional Development State Grants

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$335.0	\$335.0	\$335.0

Eisenhower Professional Development State Grants is the largest Federal effort dedicated to helping ensure that there is a talented and dedicated teacher in every American classroom. The program is designed to provide the high-quality, intensive professional development needed to give educators the knowledge and skills necessary to teach children to standards of excellence. The program emphasizes improvement of instruction in mathematics and science—the first \$250 million of each year's appropriation must be used in that area—but also allows States and districts to use Federal funds to improve teaching in all of the core academic subjects. The emphasis is on sustained and intensive, high-quality development experiences that are tied to the everyday life of a school and that support continuous improvement in teaching and learning. The program gives schools the flexibility to set their own staff training and development priorities.

Level funding in 2000 would enable States, school districts, and institutions of higher education to continue their current efforts to upgrade the quality of instruction in the American classroom.

Innovative Education Program Strategies State Grants

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$350.0	\$375.0	—

The request includes no funding for the Title VI block grants because the program is not well designed to support the kinds of State and local efforts most likely to result in real improvements in teaching and learning. The evaluations of the antecedent Chapter 2 program concluded that the overall purpose of the program—supporting school reform—was not achieved because of the broad, vague, and overlapping nature of the activities eligible for funding. Fewer than half of the States, and very few districts, used Chapter 2 funds for such reform activities as developing or revising educational standards, developing improved student assessments, or entering into public-private partnerships. These evaluations also determined that the majority of the activities supported by Chapter 2 received only a small percentage of their funding from the program and, thus, would be likely to continue in its absence. The Department, therefore, believes that these funds would be better spent on programs that are truly focused on comprehensive educational improvement and reform.

Safe and Drug-Free Schools and Communities
(BA in millions)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
Safe and Drug-Free Schools			
State Grants	\$531.0	\$441.0	\$439.0
National Programs	25.0	90.0	90.0
Coordinator Initiative	—	35.0	50.0
Project SERV	—	—	12.0
Total	556.0	566.0	591.0

America's students cannot be expected to learn in schools where they are threatened by drug abuse and violence. The Safe and Drug-Free Schools and Communities program is designed to help make our schools safe and drug-free by supporting comprehensive, integrated approaches to drug and violence prevention. The program provides significant resources to motivate our youth to reject illegal drugs as well as the use of alcohol and tobacco, which is Goal Number 1 of the National Drug Control Strategy. Toward this end, the request would provide \$591 million for this program, a \$25 million increase over the 1999 level.

The request includes \$439 million for State Grants, which are distributed by formula to State educational agencies (SEAs) and Governors and then subgranted to local educational agencies (LEAs) and other entities. To improve the effectiveness of this program, the budget would require SEAs to distribute 30 percent of their funds as competitive grants to a limited number of LEAs on the basis of district need and program quality. This recommendation reflects findings that funds under the program do not always flow to the districts with the greatest need, in amounts sufficient to make a real difference or for activities that research indicates are most

effective. The proposed allocation rules, along with “principles of effectiveness” governing program expenditures that the Department published last July, should have a significant impact on program results.

The 2000 request would also provide new resources for two major initiatives. The Coordinator Initiative would receive a \$15 million increase for a total of \$50 million in 2000. This initiative will help place drug and violence prevention coordinators in middle schools with significant drug and violence problems. Coordinators will help schools analyze their crime and drug problems, select and implement the most appropriate and effective interventions to address those problems, and work with the outside community to ensure that school programs are linked with all available community resources. The 2000 request would permit support of some 1,300 coordinators to work in 6,500 middle schools, almost one-half of middle schools nationally.

The second new initiative is Project SERV (School Emergency Response to Violence). Under this program, the Department will partner with other Federal agencies in providing emergency assistance to schools affected by serious violence or other traumatic incidents. The funds would support counseling of students, school staff, and other community members; provision of additional school security personnel; and other services that help schools and communities prepare for or respond to crises.

The budget request would level-fund Safe and Drug-Free Schools National Programs at \$90 million. With the significant increase appropriated for this program in 1999, the Department, along with other agencies, is launching the “Safe Schools/Healthy Students” initiative. This activity will assist school districts and communities to develop and implement comprehensive, community-wide strategies for creating safe and drug-free schools and for promoting healthy childhood development, so that students can grow and thrive free from violence or other destructive behaviors. The 2000 request includes \$60 million to continue Safe Schools/Healthy Students projects, and \$30 million for other discretionary activities funded under National Programs.

Charter Schools

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$80.0	\$100.0	\$130.0

The Charter Schools program stimulates comprehensive education reform and public school choice by supporting the planning, development, and initial implementation of public charter schools. Charter schools are public schools that are exempted from most education rules and regulations so as to permit more flexible and innovative methods of achieving educational excellence. In exchange for this greater independence, charter schools are held accountable for improving student performance. A total of 34 States, the District of Columbia, and Puerto Rico now have charter schools laws, and the number of charter schools has increased from 250 to almost 1,000 in the past three years.

The Department’s Public Charter Schools program provides financial support for the planning and initial implementation of charter schools, primarily through grants to States (which then make subgrants to charter school developers). Amendments to the statute enacted in 1998 strengthen

the focus on educational accountability and give a priority to States that have multiple chartering agencies and allow charter schools a high degree of autonomy over their budgets. They also permit States to use a limited amount of their funds to support dissemination of information on successful charter school programs.

The \$130 million request would assist the continued growth of this promising educational reform by funding new and continuing awards for some 1,700 charter schools. The Administration's objective is to stimulate the creation of 3,000 schools by early in the next decade.

Comprehensive Regional Assistance Centers

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$27.1	\$28.0	\$32.0

Under this program, a network of 15 university-based or non-profit centers offers comprehensive technical assistance that cuts across programs and addresses the needs of schools and school districts for help in integrating the various ESEA programs in support of State and local education reforms. Each center provides support, training, and assistance—in areas identified by the States and LEAs in their regions as most critical—on such topics as curriculum, instruction, assessments, professional development, program evaluation, meeting the needs of at-risk populations, creation of a safe and drug-free school environment, and implementing educational technologies.

The \$32 million request, a \$4 million increase, will enable the centers to meet a higher proportion of the requests they receive from clients and, in particular, to offer more intensive, on-site services to individual districts and schools.

Magnet Schools Assistance

(BA in millions)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
Magnet schools programs	\$97.0	\$98.0	\$98.0
Innovative programs.....	3.0	5.0	5.1
Inter-district programs	0.0	0.0	10.0
Evaluation	<u>1.0</u>	<u>1.0</u>	<u>0.9</u>
Total.....	101.0	104.0	114.0

The Magnet Schools Assistance program makes grants to local educational agencies to operate magnet schools that are part of a court-ordered or federally approved desegregation plan to eliminate, reduce, or prevent minority group isolation in elementary and secondary schools. Magnet schools address their desegregation goals by providing a distinctive educational program that attracts a diverse student population.

A separate authority supports "Innovative Programs" carried out under local desegregation plans that do not involve magnet schools. Innovative Programs may include neighborhood or community school models that are organized around a special emphasis, theme, or concept and that involve extensive parent and community involvement. Grants for both Magnet Schools and Innovative Programs run for three years.

The 2000 budget would support continuation of 58 Magnet Schools awards first made with 1998 funds and of approximately 14 Innovative Programs grants that will be awarded with 1999 funds.

In addition, the Department is requesting a \$10 million increase to make new awards that will support inter-district approaches to school desegregation. Inter-district programs generally bring together students from urban and suburban districts to attend schools with special emphases or themes. They can thus be an effective desegregation mechanism, particularly for urban districts that, because of the demographics of the student population, have difficulty desegregating on their own. The request for funding for a special competition for inter-district magnet programs is also part of the Administration's broader strategy of supporting creation of additional choices for students and parents within the public school system.

Education for Homeless Children and Youth

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$28.8	\$28.8	\$31.7

This program provides formula grants to States to carry out activities to ensure that all homeless children have access to a free, appropriate public education. States also make subgrants to local educational agencies for tutoring, transportation, and other services that help homeless children to enroll in, attend, and succeed in school.

Since this program began in 1988, nearly all States have revised their laws, regulations, and policies to improve educational access for homeless students. States have typically eased residency requirements, and some have made great strides in changing transportation and immunization policies to ensure greater access for the homeless. Nevertheless, homeless children and youth continue to be a population at significant risk of educational failure and, because of their mobility, are often underserved by programs that are designed to prevent that failure, such as Head Start, special education, and bilingual education. The \$31.7 million request for this program, a \$2.9 million increase, would allow States to focus both on improving services to homeless children and on increasing the number of students served.

Inexpensive Book Distribution

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$12.0	\$18.0	\$18.0

This program is administered through a contract with Reading Is Fundamental, Inc. (RIF), a nonprofit organization affiliated with the Smithsonian Institution. RIF allocates funds to local community associations that select and distribute inexpensive books to children free-of-charge.

RIF currently reaches more than 2.2 million children through 4,000 local projects. Since 1994, legislation has required RIF, in selecting new local projects, to give priority to those that will serve children who are low-income, disabled, homeless, or have other special needs.

Arts in Education

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$10.5	\$10.5	\$10.5

This program supports student competency in the arts, a component of the National Education Goals, by encouraging the integration of arts education into elementary and secondary school curricula. The Department awards funds to the Very Special Arts (VSA) organization, which develops programs that integrate the arts into the general education of children with disabilities and the lives of adults with disabilities, and to the John F. Kennedy Center for the Performing Arts education program, which supports a variety of arts education activities with States and schools.

Women's Educational Equity

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$3.0	\$3.0	\$3.0

The Women's Educational Equity program promotes educational equity for girls and women through grants to public agencies, private nonprofit organizations, and individuals. By law, at least two-thirds of funds support local implementation of gender-equity policies and practices through such activities as teacher training to ensure gender equity in the classroom and guidance and counseling to increase opportunities for women in fields in which they are traditionally underrepresented. The remaining funds support dissemination through a national resource center and research and development grants. Level funding in 1999 would make available about \$2.1 million for new awards.

Training and Advisory Services (Title IV of the Civil Rights Act)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$7.3	\$7.3	\$7.3

This program supports 10 regional Equity Assistance Centers that provide services to school districts on issues related to desegregation based on race, gender, and national origin. Typical activities include disseminating information on successful practices and legal requirements related to nondiscrimination, providing training to educators to develop their skills in specific areas, such as identification of bias in instructional materials, and technical assistance on selection of instructional materials.

Education for Native Hawaiians
(BA in millions)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
Family-Based Education Centers.....	\$6.0	\$7.2	\$7.2
Higher Education.....	2.7	2.7	2.7
Gifted and Talented.....	2.0	2.0	2.0
Special Education	2.0	2.0	2.0
Curriculum Development, Teacher Training, and Recruitment	4.0	4.8	4.8
Community-Based Centers.....	1.0	1.0	1.0
Native Hawaiian Education Councils	<u>0.3</u>	<u>0.3</u>	<u>0.3</u>
Total.....	18.0	20.0	20.0

These programs provide educational services for Hawaiian Natives, many of whom continue to perform below national norms on achievement tests of basic skills in reading, science, math, and social science. Hawaiian Natives also experience higher than average rates of absenteeism and grade retention, are disproportionately identified as disabled, and have a low rate of postsecondary participation. The Education for Native Hawaiians programs address each of these issues, and have demonstrated significant progress in such areas as early childhood education and higher education. In recent years, at the instruction of Congress, the Department has funded new projects in such areas as aquaculture education, Hawaiian language revitalization, and prisoner education. These and other activities would continue under the 2000 budget.

Alaska Native Education Equity
(BA in millions)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
Educational Planning, Curriculum Development, Teacher Training, and Recruitment.....	\$4.0	\$5.1	\$5.1
Home-based Education for Pre-School Children	3.2	3.8	3.8
School Enrichment.....	<u>0.8</u>	<u>1.1</u>	<u>1.1</u>
Total.....	8.0	10.0	10.0

These programs provide educational services to meet the special needs of Native Alaskan children. Recent studies have shown that 60 percent of Alaska Natives entering high school in urban areas do not graduate, and Alaska Natives trail other students on tests of educational proficiency. The 2000 request includes level funding for continuation of projects that address the barriers preventing Alaska Native children from achieving to higher academic standards.

Advanced Placement Incentives

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$3.0	\$4.0	\$20.0

This program awards grants to States to enable them to cover part or all of the cost of advanced placement test fees of low-income students who are enrolled in an advanced placement course and intend to take an advanced placement test. The program thus provides an incentive for districts serving low-income students to offer advanced placement courses and for students to take those courses. Passing the AP tests can then result in students earning college credits and reducing their postsecondary education costs.

As reauthorized in 1998, the program supports other activities to make advanced placement and other challenging courses available to students from low-income families and, thus, upgrade the high school curriculum available to those students. States in which low-income students pay no more than a nominal fee to take AP tests can now use program funds for such activities as development of curriculum for advanced placement courses and training of teachers to teach in those courses.

The significant increase requested for 2000 would take advantage of this new authority to launch a three-year initiative to bring challenging course to all high schools. New funds would support State efforts to make high-level, challenging courses more widely available. For example, States could use the Internet or other technologies to bring physics and calculus courses to high schools that do not currently offer them.

Ellender Fellowships

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$1.5	\$1.5	—

The Ellender Fellowships program, administered by the Close Up Foundation of Washington, D.C., provides financial aid to enable low-income students and their teachers to participate in week-long seminars on government in Washington. A separate program is designed to increase understanding of the Federal Government among older Americans, recent immigrants, and children of migrant parents.

A 1992 study of the Ellender Fellowship program found that, despite a pattern of increasing Federal funding for the program and significant increases in private-sector support for the Close Up Foundation, the number of fellowships had steadily declined. In 1996, at the request of Congress, the Department and Close Up developed a plan for the Foundation to continue its activities without Federal support. Under this plan, the Foundation pledged to expand its private development activities, including, for the first time, reaching out to the nearly 500,000 Close Up alumni. The Department believes that these activities make further Federal funding unnecessary.

Indian Education
(BA in millions)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
Grants to LEAs.....	\$59.8	\$62.0	\$62.0
Special Programs for Indian Children	—	3.3	13.3
National Activities.....	—	<u>0.7</u>	<u>1.7</u>
Total.....	59.8 ¹	66.0	77.0

¹ Excludes \$2.8 million in 1998 for administrative costs, which are included in the Program Administration account in 1999 and 2000.

The Department's Indian Education programs supplement the efforts of State and local educational agencies, and Indian tribes, to improve educational opportunities for Indian children. The programs link these efforts to broader educational reforms underway in States and localities to ensure that Indian students benefit from those reforms and achieve to the same challenging academic standards as other students.

Census, NCES, and other data document that American Indians continue to be disproportionately affected by poverty and low educational achievement, although there has been progress in recent decades. For example, in the 1994 National Assessment of Educational Progress, only 48 percent of Indian 4th graders and 63 percent of Indian 8th graders scored at or above the basic level in reading, compared to 60 and 70 percent, respectively, for all students. In the 1996 NAEP mathematics assessment, 52 percent of Indian 4th graders and 50 percent of Indian 8th graders performed at least at the basic level, compared to 64 and 62 percent for the general student population. In response to the continuing need for programs that address the special needs of the Indian population, the total 2000 request for Indian Education programs is \$77 million, an \$11 million increase over the 1999 level.

On August 6, 1998, President Clinton signed an Executive Order on Indian Education. That Order commits the Federal Government to developing a comprehensive response to the national need for better education of Indians, particularly in such areas as reading, mathematics, and science, improving postsecondary attendance and completion rates, and ensuring that Indian students have access to strong, safe, and drug-free school environments. Specific, long-term strategies for meeting these objectives are being developed by an interagency Federal task force.

The 2000 budget request for Indian education is an initial response to the Executive Order. In particular:

- A \$10 million Indian Teacher Corps initiative, under the Special Programs for Indian Children authority, would train 1,000 Indian teachers over a five-year period to take positions in schools that serve concentrations of Indian children. It would partner tribal colleges with other institutions of higher education that offer teaching degrees, and help pay for tuition and living expenses for participating students as well as program development and operational costs for the colleges. The 2000 appropriation would pay

the first year of preservice training for an initial cohort of 500 students. In addition, a portion of the money would support in-service training for individuals already teaching in Indian schools.

- The Executive Order calls for the development and implementation of a comprehensive Federal research agenda on Indian education. Under the terms of the Order, the agenda must be in place by August 1999. The 2000 budget includes \$1.7 million, under National Programs, to carry out the research and evaluation tasks called for in that forthcoming plan and for evaluations of Indian Education programs.

In addition to the above initiatives, which flow specifically from the Executive Order, the budget would continue the Grants to Local Educational Agencies at \$62 million. This program provides formula grants to public and BIA-supported schools for activities that address the educational needs of Indian students. These activities must be linked to student performance goals based on challenging State or local standards, and the districts must report periodically to their communities on progress they are making toward those goals. The request would also continue funding for early childhood demonstrations and educator professional development projects that the Department is initiating, in 1999, with Special Programs for Indian Children funds.

Impact Aid

(BA in millions)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
Payments for Federally Connected Children:			
Basic Support Payments	\$662.0	\$704.0	\$684.0
Payments for Children with			
Disabilities.....	50.0	50.0	40.0
Payments for Heavily Impacted			
Districts.....	62.0	70.0	—
Facilities Maintenance.....	3.0	5.0	5.0
Construction.....	7.0	7.0	7.0
Payments for Federal Property	<u>24.0</u>	<u>28.0</u>	<u>—</u>
Total.....	808.0	864.0	736.0

The Impact Aid program provides support to school districts affected by Federal activities. The 2000 budget request would place priority on children whose presence in school districts poses a true financial burden: children living on Indian lands and children who live on Federal property and who have a parent on active duty in the uniformed services, in civilian Federal employment, or in the employ of a foreign military service.

The \$684 million request for Basic Support Payments, although \$20 million less than the 1999 amount, would provide a 6 percent increase in the payments on behalf of the categories of children listed above. No payments would be made for the so-called "b" children (those who live on or have a parent working on Federal property, but not both), because their presence does not place a significant burden on districts.

The \$40 million request for Payments for Children with Disabilities, while a \$10 million reduction, would increase the average per-child payment for the eligible categories of children by 5 percent.

These funds provide additional support for certain federally connected children who are eligible for services under the Individuals with Disabilities Education Act. As under Basic Support Payments, no payments would be made on behalf of "b" children.

The request would provide no funding for Payments to Heavily Impacted Districts. While this authority was originally designed to assist school districts that have large concentrations of federally connected children and limited fiscal capacity to educate those children, the funding rules recently adopted by Congress do not target funds effectively to those districts.

The Department of Education owns and must maintain 53 school facilities that serve large numbers of military dependents. The \$5 million requested for Facilities Maintenance will fund essential repairs to these facilities and allow the Department to continue to upgrade and transfer school facilities to local educational agencies.

The \$7 million request for Impact Aid Construction would help meet the school construction needs of local educational agencies with large proportions of federally connected children.

No funds are requested for Payments for Federal Property, which are made to school districts without regard to the presence of federally connected children. The majority of the districts funded under this program have had sufficient time (approximately 50 years) to adjust to the removal of Federal property from the tax base, and they should be able to compensate for the termination of separate funding for this program.

B. BILINGUAL AND IMMIGRANT EDUCATION

(BA in millions)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
Instructional Services	\$160.0	\$160.0	\$170.0
Support Services	14.0	14.0	14.0
Professional Development	25.0	50.0	75.0
Foreign Language Assistance	5.0	6.0	6.0
Immigrant Education	<u>150.0</u>	<u>150.0</u>	<u>150.0</u>
Total	354.0	380.0	415.0

The 2000 request includes \$415 million for bilingual, foreign language, and immigrant education programs, an increase of \$35 million or 9.2 percent over 1999. These programs assist local school districts in building their capacity to operate high-quality instructional programs for recently arrived immigrants and other limited English proficient (LEP) students, and to improve foreign language instruction.

The number of LEP children attending American schools has grown dramatically—primarily because of immigration—with State educational agencies reporting that the number of LEP students rose from 2.1 million in the 1990-91 academic year to 3.5 million in 1996-97. Much of this growth is in States and school districts that previously enrolled only a handful of these students. As the number of LEP children has grown, the needs of school districts for programs to serve those children—and for trained staff to work in those programs—have grown accordingly. In 2000 the Department will emphasize awards to districts that have experienced a recent influx of LEP students and have little prior experience in serving them.

Federal bilingual education projects have demonstrated effectiveness in teaching English. Recent biennial evaluation reports showed that for 91 percent of projects, at least 75 percent of participating LEP students achieved gains in oral English proficiency. On April 27, 1998, Secretary Riley announced a 3-year goal for preparing LEP students to transfer to all-English classrooms. The Department intends to work with school districts to ensure that the English language skills of LEP students are assessed after they have participated in bilingual and English as a second language program for three years.

The budget request for bilingual and immigrant programs is part of the Administration's overall strategy of targeting funding increases on education programs that will help Hispanic Americans and other LEP children and adults complete school and make their way into the economic mainstream. In particular, the request increases funding for professional development by 50 percent to address the critical shortage of teachers prepared to serve LEP students. The Administration also proposes additional funding for instructional services, with the increase targeted to schools that have little prior experience in serving LEP students.

The Bilingual Education Instructional Services authority includes four funding categories reflecting the different needs of applicant school districts: (1) Program Development and Implementation Grants to assist districts in implementing new programs for LEP students;

(2) Program Enhancement Grants to enhance or expand existing programs; (3) Comprehensive School Grants to support bilingual programs serving all LEP students in a school; and (4) Systemwide Improvement Grants to support reforms benefiting the entire LEP population of a school district. Under all four categories, activities supported by Federal grants must be consistent with State education reform plans and integrated with the overall educational program in a school. The \$170 million request for Instructional Services will support approximately 760 grants serving almost 1.1 million students.

The budget also includes \$14 million for the Support Services program, which funds grants to States, research and evaluation activities, the operation of a national clearinghouse on bilingual education, and the Academic Excellence dissemination program. During fiscal year 2000, the Department will devote the research money to collecting program performance data needed to meet the requirements of the Government Performance and Results Act.

The request provides \$75 million, an increase of \$25 million or 50 percent, for Professional Development. This program funds activities intended to help meet the critical need for additional, fully certified bilingual education and English-as-a-second-language teachers, and to strengthen the skills of teachers currently providing instruction to LEP children. The request recognizes the importance of professional development for achieving education reform, and the need of many school districts for qualified bilingual teachers.

For Foreign Language Assistance, the request includes \$6 million, the same as the 1999 amount, to continue an estimated 57 discretionary grants to improve foreign language instruction, particularly at the elementary level. The program is intended to spur States and school districts to create high-quality foreign language programs needed to help the Nation compete effectively in international markets.

Finally, in recognition of the additional costs faced by school districts that serve large numbers of recently arrived immigrant students, the Administration is requesting \$150 million for Immigrant Education. This program provides grants to States according to a formula based on the number of recent immigrants in their schools; most funds flow to the States that bear the brunt of the educational burdens created by immigration. The Department is proposing continuation of appropriations language that permits States to direct these funds, on a discretionary basis, to the school districts where they are most needed. The request will assist LEAs in meeting the expense of educating some 821,000 recent immigrant students.

C. SPECIAL EDUCATION AND REHABILITATIVE SERVICES

Overview

The Administration is committed to promoting the empowerment and independence of Americans with disabilities. The 2000 budget request continues to support programs that expand opportunities for persons with disabilities and improve education and employment outcomes. These include programs providing direct services and those supporting systems change, research, demonstration, technical assistance, and training activities.

The budget request of \$5.4 billion for Special Education programs includes an increase of \$116 million over the 1999 level. The request would maintain funding at roughly the 1999 level for the Grants to States program, which has grown by almost \$2 billion or 85 percent since 1996.

The request includes significant increases for programs targeted on young children with disabilities. Research shows that the earlier we meet the needs of children with disabilities, the better the results. To put this research into practice, a new \$50 million Primary Education Intervention program would demonstrate how research-based interventions, coupled with early identification, can improve results for children with developmental delays ages 5 through 9. A \$20 million increase is proposed for Grants for Infants and Families to assist States in carrying out their responsibility to provide early intervention services to infants and toddlers with disabilities and their families. A \$28 million increase for the Preschool Grants program would help prepare young children with disabilities to enter and succeed in school. The request also includes a \$10 million expansion of the State Improvement program, which provides competitive grants to assist State educational agencies, in partnership with others, to reform and improve their systems for providing educational, early intervention, and transitional services to improve results for children with disabilities. Finally, the budget includes a \$4 million increase for Parent Information Centers.

For Rehabilitation Services and Disability Research, the budget provides \$2.7 billion, an increase of \$65 million or 2.4 percent over the 1999 level. This total includes \$2.3 billion for Vocational Rehabilitation State Grants, an increase of \$35 million to help 1.3 million individuals with disabilities receive the services they need to become employed. A \$10 million increase for the National Institute on Disability and Rehabilitation Research (NIDRR) would be used to fund three new initiatives to enhance the accessibility of information technology and telecommunications for individuals with disabilities. An additional \$15 million would help States establish or maintain alternative loan financing programs authorized under Title III of the Assistive Technology Act of 1998. These programs could offer individuals with disabilities attractive options that significantly enhance their access to assistive technology. Finally, a \$5 million increase for the Independent Living program would provide additional funding for some existing centers for independent living and expand the network of centers by funding up to 35 new centers in 19 States.

SPECIAL EDUCATION

Grants to States

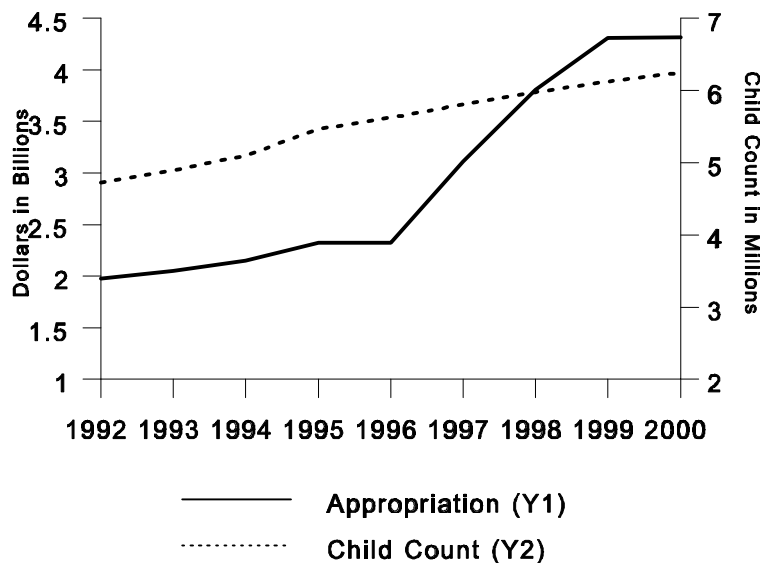
	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
Dollars in millions	\$3,807.7	\$4,310.7	\$4,314.0
Children ages 3 through 21 Number served (thousands)	5,976	6,125	6,248

The Grants to States program makes formula grants that help States pay the excess costs of providing special education and related services to children with disabilities aged 3 through 21 years. On June 4, 1997, the President signed into law the Individuals with Disabilities Education Act (IDEA) Amendments of 1997, which strengthen the access of children with disabilities to the general curriculum, promote accountability for educational results, and better focus resources on teaching and learning. During the past three years, Congress has increased funding for the IDEA Grants to States program by almost \$2 billion or 85 percent. These funds provide significant new resources to help States implement the IDEA Amendments. The 2000 request would maintain funding for States at the 1999 level, which represents a Federal contribution of about 10 percent of the excess costs of educating children with disabilities.

The request also includes an increase of \$3.3 million for studies to carry out the National Assessment of the Act required by the IDEA Amendments.

Special Education Grants to States

FY 1992 to FY 1999



Preschool Grants

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$374.0	\$374.0	\$402.4

The Preschool Grants program provides formula grants to help States make a free, appropriate public education available to all children with disabilities ages 3 through 5 and to ensure that a minimum level of funding is available to serve these children. The request provides an increase of \$28 million, or 8 percent, to help States and local educational agencies to identify and serve children with disabilities early in life when interventions can be most effective in improving results. The request would increase the Federal share per child by 6 percent, from \$642 in 1999 to \$679 in 2000, while serving an additional 10,500 children. This increase reflects the Administration's priority on early childhood education and programs that help to ensure that young children with disabilities are ready to learn when they enter school.

Grants for Infants and Families

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$350.0	\$370.0	\$390.0

The Grants for Infants and Families program makes formula grants to States to help them implement statewide systems to make available early intervention services to all eligible children with disabilities from birth through age 2, and their families. The request would provide an increase of \$20 million or 5 percent to help States expand the numbers of children served, improve the scope and quality of services, increase the focus on providing services in natural environments, and improve transition services for children with disabilities and their families. This increase reflects the Administration's priority on early intervention and early childhood education, which play a major role in improving the school readiness of young children with disabilities. This is the only Federal program focused exclusively on children with disabilities from birth through age 2.

National Activities
(BA in millions)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
State Improvement.....	\$35.2	\$35.2	\$45.2
Research and Innovation.....	64.5	64.5	64.5
Technical Assistance and Dissemination.....	44.6	44.6	44.6
Personnel Preparation.....	82.1	82.1	82.1
Parent Information Centers	18.5	18.5	22.5
Technology and Media Services.....	34.0	34.5	34.5
Primary Education Intervention.....	—	—	<u>50.0</u>
Total.....	279.0	279.5	343.5

These programs provide a streamlined and coherent structure of essential support to the States in their efforts to provide early intervention services and equal educational opportunity to children with disabilities. The total request for National Activities is \$343.5 million, an increase of \$64 million over the 1999 level. Priorities for National Activities are established through a comprehensive planning process involving a wide range of participants, including individuals with disabilities; parents of children with disabilities; appropriate professionals; and representatives of State and local educational agencies, private schools, institutions of higher education, and other agencies and organizations.

The State Improvement program provides competitive grants to assist State educational agencies, in partnership with others, in reforming and improving their systems for providing educational, early intervention, and transitional services to improve results for children with disabilities. This includes their systems for professional development, technical assistance, and dissemination.

At least 75 percent of the funds provided to each State are reserved for professional development. The remaining funds are used to carry out the State's strategies for improving educational results, including strategies for holding school districts and schools accountable for the educational progress of children with disabilities, providing high-quality technical assistance to school districts and schools, and changing State policies and procedures to address systemic barriers to improving results for students with disabilities.

In 2000, the \$45.2 million request includes about \$13.5 million for new awards to an additional 12 States. Approximately \$25.8 million would be used to continue the 24 awards to be made with 1998 and 1999 funds, and about \$5.8 million to continue projects funded under expired authorities.

The budget includes \$64.5 million for Research and Innovation activities that develop new knowledge through research, apply knowledge to create useful practices through demonstrations, and make knowledge available through outreach and other activities. About \$47.6 million would be used to cover continuation costs and about \$15.9 million would be available for new activities.

The \$44.6 million request for the Technical Assistance and Dissemination program provides technical assistance and disseminates materials based on knowledge gained through research and practice. The budget provides about \$36.4 million for continuation projects—including \$10 million for the third year of a five-year initiative to inform educators, administrators, parents, and others of the impact of the IDEA Amendments of 1997—and about \$8.1 million for new activities.

The \$82.1 million Personnel Preparation program makes awards to prepare personnel to serve children with low- and high-incidence disabilities and leadership personnel, as well as for projects of national significance such as developing models for teacher preparation. The overall goal of the program is to help ensure that there are adequate numbers of personnel with the skills and knowledge of the best practices to help children with disabilities succeed educationally. For this reason the program focuses on both meeting the demand for personnel to serve children with disabilities and improving the quality of these personnel. A particular emphasis will be placed on incorporating research and practice knowledge into training programs. The request would provide \$30 million for new awards and \$51.3 million for continuation awards.

The \$22.5 million request for Parent Information Centers includes a \$4 million increase that would be used to increase the size of the awards to parent centers and to expand the number of community parent resource centers from 16 to 26. Centers provide parents with the training and information they need to work with professionals in meeting the early intervention and special education needs of their children with disabilities. The community centers are operated by local parent organizations and focus on meeting the needs of underserved parents, including low-income parents, parents of children with limited English proficiency, and parents with disabilities.

The budget includes \$34.5 million Technology and Media Services, which support media-related activities such as captioning films and television for individuals with hearing impairments and video description and recording activities for individuals with visual impairments. Funds also will be used for research, development, and other activities to advance the application of new and emerging technologies in providing special education and early intervention services. The request includes about \$30.7 million for continuation projects and \$3.8 million for new activities.

The \$50 million Primary Education Intervention proposal would target children with developmental delays who are experiencing significant problems in learning to read and who are exhibiting behavioral problems. These children often do not receive special education services until the late primary or middle grades when their problems have worsened due to inattention. The proposal would fund model demonstration projects that would apply research-based knowledge to local practice. Funds would also be used to support technical assistance and evaluation activities.

REHABILITATION SERVICES AND DISABILITY RESEARCH

Vocational Rehabilitation (VR) State Grants

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$2,246.9	\$2,304.4	\$2,339.0

The \$2.3 billion request, an increase of \$34.6 million or 1.5 percent, would assist State VR agencies in reducing the unemployment rate of people with disabilities. The request would satisfy the statutory requirement to increase funding by at least the percentage change in the Consumer Price Index. The total includes the minimum statutory set-aside of \$23.4 million for grants to Indian tribes.

Vocational Rehabilitation State Grants provide funds to State vocational rehabilitation agencies to help individuals with disabilities become gainfully employed. Funds are distributed on the basis of a formula that takes into account population and per capita income.

A wide range of services is provided each year to about 1.3 million individuals with disabilities, including vocational evaluation, counseling and guidance, work adjustment, diagnosis and treatment of physical and mental impairments, education and vocational training, job placement, and post-employment services. In the event that services cannot be provided to all eligible individuals with disabilities who apply, States must give priority to individuals with the most significant disabilities. Services are provided according to an individualized plan for employment. Each year, the VR program helps over 200,000 individuals with disabilities achieve successful outcomes, of which about 87 percent enter the competitive labor market or become self-employed. Approximately 78 percent of the individuals served have significant disabilities.

Client Assistance State Grants

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$10.7	\$10.9	\$10.9

This program makes formula grants to States for activities to inform and advise clients of benefits available to them under the Rehabilitation Act and to assist them in their relationships with service providers, including remedies to ensure the protection of their rights under the Act.

Training

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$39.6	\$39.6	\$41.6

This program makes grants to State and public or other nonprofit agencies and organizations, including institutions of higher education, to help ensure that adequate skilled personnel are available to provide rehabilitation services to persons with disabilities.

The request includes an increase of \$2 million for the Training program to continue and expand support for an initiative to assist States in the implementation of their Comprehensive Systems of Personnel Development and in raising the academic credentials of VR State agency personnel.

Demonstration and Training Programs

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$15.9	\$18.9	\$16.9

Demonstration and Training programs develop innovative methods and comprehensive service programs to help individuals with disabilities achieve vocational outcomes. The program awards competitive grants to community rehabilitation programs, designated State units, and other public or private organizations. The requested level of funding for this program is sufficient to continue on-going activities and to award 7 new grants.

Migrant and Seasonal Farmworkers

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$2.4	\$2.4	\$2.4

This program awards competitive grants to State vocational rehabilitation agencies and nonprofit organizations to provide rehabilitation services to migratory workers with disabilities. States that receive funding under this program are consistently more aggressive in serving this population than those that do not. Level funding would provide support for 4 new projects and 10 ongoing projects.

Recreational Programs

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$2.6	\$2.6	\$2.6

This program supports projects that provide recreation and related activities for individuals with disabilities to aid in their employment, mobility, independence, socialization, and community integration. The \$2.6 million request would support 8 new projects and 17 continuations. Because the Federal contribution to each program declines over the project period, the Department is able to initiate new recreational programs each year with no increase in Federal funds.

Protection and Advocacy of Individual Rights

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$9.9	\$10.9	\$10.9

The request would support systems in each State to protect and advocate for the legal and human rights of individuals with disabilities. These systems pursue legal and administrative remedies to ensure the protection of the rights of individuals with disabilities under Federal law and provide information on and referrals to programs and services for individuals with disabilities.

Projects with Industry (PWI)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$22.1	\$22.1	\$22.1

These projects assist individuals with disabilities in obtaining employment and advancement in the competitive labor market. PWI promotes the involvement of business through Business Advisory Councils that participate in project policymaking and provide advice on available jobs and training requirements. PWI places over 11,000 individuals with disabilities in competitive employment each year. Most of the individuals served through this program are considered difficult to place due to significant disability or extended unemployment (at least 6 months at time of project entry). The 2000 request would support approximately 8 new and 92 continuation awards.

Supported Employment State Grants

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$38.2	\$38.2	\$38.2

This program makes formula grants to assist States in developing collaborative programs with appropriate public and private nonprofit organizations to offer supported employment services for individuals with the most significant disabilities who have a goal of supported employment under the Vocational Rehabilitation State Grants program. Supported employment placements are achieved by augmenting short-term vocational rehabilitation services with ongoing support provided by other public or non-profit organizations.

Independent Living

BA in millions

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
State Grants.....	\$21.9	\$22.3	\$22.3
Centers for Independent Living.....	45.2	46.1	50.9
Services for Older Blind Individuals	<u>11.0</u>	<u>11.2</u>	<u>11.4</u>
Total.....	78.0	79.6	84.6

These programs provide services to individuals with disabilities to maximize their independence and productivity. The State Grants program awards formula grants to States to provide and improve independent living services and to support the operation of centers for independent living. The Centers for Independent Living program makes competitive grants to support a network of consumer-controlled, nonresidential, community-based centers that provide a broad range of independent living services. The Services for Older Blind Individuals program assists individuals aged 55 or older whose severe visual impairment makes competitive employment difficult to obtain, but for whom independent living goals are feasible.

The request includes a \$4.8 million or 10 percent increase for the Centers for Independent Living program. Funds would be used to provide additional support to some existing independent living centers, and the network of centers would be expanded by up to 35 new centers in 19 States. A small increase is also proposed for the Independent Living Services for Older Blind Individuals program.

Program Improvement

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$2.9	\$1.9	\$1.9

The 2000 request would provide sufficient funds to continue support for technical assistance to improve the efficiency and effectiveness of the VR program and for other program improvement and accountability efforts, including support for a national conference on the findings of the longitudinal study of the VR program.

Evaluation

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$1.6	\$1.6	\$1.6

These funds are used to evaluate the impact and effectiveness of programs authorized by the Rehabilitation Act of 1973. The request would provide support for three new program evaluation studies, continuation of the extended follow-up of individuals in the longitudinal study of the vocational rehabilitation program, and dissemination and utilization activities in connection with the longitudinal study.

Helen Keller National Center

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$7.5	\$8.6	\$8.6

This program serves individuals who are deaf-blind, their families, and service providers through a national headquarters Center with a residential training and rehabilitation facility; a network of 10 regional field offices which provide referral, counseling, and technical assistance; and an incentive grant program for public and private agencies that serve individuals with deaf-blindness. The 1999 level includes \$476,000 for one-time construction projects that will be completed in 1999. The level funding requested for 2000 would provide \$161,000 to meet higher costs, \$220,000 for additional one-time construction projects, and \$95,000 for discretionary activities.

National Institute on Disability and Rehabilitation Research (NIDRR)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$76.8	\$81.0	\$91.0

NIDRR provides a comprehensive and coordinated approach to the administration and conduct of research, demonstration projects, and related activities dealing with the rehabilitation of persons of all ages with disabilities, including training of persons who provide rehabilitation services or who conduct rehabilitation research.

NIDRR awards discretionary grants for support of rehabilitation research and training centers, rehabilitation engineering research centers, and disability and rehabilitation research projects that address diverse issues in rehabilitation, including the causes and consequences of disability and ways to improve educational, employment, and independent living opportunities for persons with disabilities. Grants or contracts are also awarded for utilization and dissemination of research results and for training.

The 2000 request would provide sufficient funding to continue all of NIDRR's current centers and projects and to support a small number of new projects based on its recently published long-range plan. The increase would also enable NIDRR to implement three new initiatives in the area of information technology and telecommunications: a project to enhance technology transfer, consortia to work with information technology industries to ensure that accessibility is a built-in design feature, and a demonstration center that would allow people—including researchers and representatives from industry—to see, compare, and learn about the latest in information technology for individuals with disabilities.

Assistive Technology

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$36.1	\$30.0	\$45.0

This program assists States in improving the access of individuals with disabilities to assistive technology (AT) devices and services. The request includes \$30 million for activities in Title I of the Assistive Technology Act, including the Assistive Technology State Grant program, protection and advocacy services related to assistive technology, and technical assistance activities. In addition, the request includes an increase of \$15 million to support grants to States, authorized under Title III of the Act, to establish or maintain alternative loan financing programs. Currently, major service programs such as Medicaid, Medicare, special education, and vocational rehabilitation cannot meet the growing demand for assistive technology. Loan programs offer individuals with disabilities attractive options that significantly enhance their access to assistive technology.

Special Institutions for Individuals with Disabilities
(BA in millions)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
American Printing House for the Blind	\$8.2	\$8.7	\$9.0
National Technical Institute for the Deaf	44.1	45.5	47.9
Gallaudet University	<u>83.5</u>	<u>83.5</u>	<u>85.1</u>
Total	135.8	137.7	142.0

The American Printing House for the Blind provides special education materials for students who are blind, offers advisory services for consumers, and conducts research. Each State receives an allotment that can be used to purchase materials from the Printing House. A proposed increase of \$312,000 above the 1999 level will provide adequate funds to offset the effect of inflation for program operations and fund a number of special projects. These include projects to promote the effective use of APH products and develop new optical aids to assist children with visual impairments to function in the classroom.

The National Technical Institute for the Deaf provides postsecondary technical education and training for students who are deaf and conducts research and provides training related to the education and employment of individuals who are deaf. The \$47.9 million request includes \$883,000 to help offset the effect of inflation, an additional \$250,000 for the Endowment Grant program, and \$2.7 million for the first phase of a major project to renovate the NTID dormitories.

Gallaudet University offers undergraduate and continuing education programs for persons who are deaf, and graduate programs for persons who are deaf or hearing. Gallaudet also maintains and operates the Kendall Demonstration Elementary School and Model Secondary School for the Deaf. The \$85.1 million request includes a \$1.6 million increase for higher operating costs and \$2.5 million for construction projects related to the Model Secondary School for the Deaf.

D. VOCATIONAL AND ADULT EDUCATION

(Including the School-to-Work Opportunities Act)

In response to rapid changes in the economy and society, schools and colleges must adopt educational approaches that ensure that every student achieves rigorous academic knowledge, computer and other technical proficiency, and skills in problem-solving, communications, and teamwork. The Department's School-to-Work Opportunities, Vocational Education, and Adult Education programs help Americans of all ages attain this needed combination of skills and abilities.

School-to-Work Opportunities

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$200.0	\$125.0	\$55.0

The Administration is requesting a total of \$110 million—\$55 million each for the Department of Education and the Department of Labor—to provide a final year of support for the development of State systems that connect what goes on in the classroom to future careers and real-work situations and that prepare secondary school students for a broad range of postsecondary education and advanced training opportunities. The School-to-Work Opportunities Act “sunsets” on October 1, 2001. After Federal support winds down, States will continue their school-to-work activities with funding from other Federal programs, such as Vocational Education and the Workforce Investment Act, and with State and local dollars.

By the end of fiscal year 1998, the two Departments had provided school-to-work implementation grants to all 50 States, the District of Columbia, and Puerto Rico. The program also supports separate grants to high-poverty urban and rural areas, and to Indian tribes and the Outlying Areas. Limited funds reserved at the national level support training, technical assistance, and evaluation activities.

The school-to-work concept is the product of a broad-based consensus among policy-makers, teachers, researchers, and others about the need to improve career planning and workforce preparation among youth and the kinds of learning experiences that schools need to provide. The national evaluation of the program found that school-to-work activities have become increasingly widespread in the States. By the fall of 1997, in the 34 States surveyed, 1,016 local school-to-work partnerships had been formed, involving more than 83 percent of those States' local educational agencies. The evaluation also found that employer involvement in school-to-work is widespread and expanding.

Vocational Education
(BA in millions)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
State Grants.....	\$1,027.6	\$1,030.7	\$1,030.7
Tech-Prep Education.....	103.0	106.0	111.0
National Programs	13.5	13.5	17.5
Tribally Controlled Postsecondary Vocational Institutions.....	<u>3.1</u>	<u>4.1</u>	<u>4.1</u>
Total	1,147.1	1,154.2	1,163.3

The Department's Vocational Education programs develop the academic, vocational, and technical skills of students in high schools and community colleges. The newly reauthorized Carl D. Perkins Vocational and Technical Education Act will help States achieve this goal by focusing on the integration of academic and vocational instruction; student attainment of challenging academic, vocational, and technical standards; and development of stronger linkages between education and employers. The new Act also greatly increases accountability for results. State and local recipients will use program funds to track and measure the educational and workplace outcomes for participating students. States that exceed their performance goals will be eligible to receive "incentive awards" from the Federal Government.

The 2000 budget for Vocational Education is approximately \$1.2 billion, a small increase over the 1999 level. The total includes level funding of about \$1 billion for State Grants, which provide formula grants that States, local educational agencies, and postsecondary institutions use to improve vocational education programs and to ensure that individuals with special needs have full access to those programs. These funds will enable States to establish the new types of programs and services called for in the reauthorization and to implement the new accountability measures.

The budget includes a \$5 million increase, to \$111 million, for Tech-Prep Education, which supports State formula grants for programs that link secondary and postsecondary, and vocational and academic instruction to prepare individuals for high-tech careers. In many States Tech-Prep has laid the foundation for the introduction of school-to-work systems, and the additional funds will help States extend tech-prep programs to more schools and students.

The National Programs support applied research and development activities designed to improve and assess vocational education programs nationally. Funds support a National Center for Research in Vocational Education, data collections needed to fulfill the requirements of the Government Performance and Results Act, and special initiatives in such areas as high school reform, educator professional development, and the development of high-tech "career clusters" that provide curriculum in a broad occupational area. In addition, the Department is carrying out a new national assessment of vocational education programs. The \$17.5 million requested for 2000 will permit an expansion of these activities.

Finally, the 2000 request includes \$4.1 million for Tribally Controlled Postsecondary Vocational Institutions, a program of competitive grants to institutions that provide postsecondary vocational training to Native American students.

Adult Education
(BA in millions)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
State Grants.....	\$345.3	\$365.0 ¹	\$468.0
National Leadership Activities.....	5.0	14.0 ¹	101.0
National Institute for Literacy	5.5	6.0	6.0
Literacy Programs for Prisoners	<u>4.7</u>	<u>—</u> ²	<u>—</u>
Total.....	360.6	385.0	575.0

¹ Fiscal year 1999 amounts for State Grants and National Leadership Activities assume enactment of a technical amendment to correct an error in the 1999 appropriations act, in which Congress inadvertently included \$8 for State Grants that was intended for National Leadership Activities.

² An appropriation of \$4.7 million for Literacy Programs for Prisoners was provided under State Grants for Incarcerated Youth Offenders.

Many Americans lack the basic literacy skills to succeed in the economy. The 1994 National Adult Literacy Survey found that between 23 and 27 million adults performed at or below the fifth-grade level in reading and math. Adults who function at the lowest levels of literacy tend to live in poverty, drop out of school, and, if employed, have low-paying jobs. Poor literacy skills affect not only these adults, but their children as well; numerous studies have shown that the educational level of the parent, especially the mother, is the most influential factor in children's success in school. The Department's Adult Education programs fund programs in the States that enable adults to become literate and complete high school, so that they can succeed as workers, parents, and citizens.

Access to Adult Education programs is particularly important for recent immigrants and other limited English proficient adults, including young adults who may have had limited education in either their native countries or the United States. One-third of recent immigrants do not have a high school diploma or its equivalent, and this population has significantly lower average income and a higher unemployment rate than native-born Americans.

The Adult Education and Family Literacy Act of 1998 put a priority on the delivery of adult education services that make effective use of technology, are of sufficient intensity to bring about substantial learning gains, have measurable goals for client outcomes, and are based on research. The Adult Education budget request includes a \$190 million or almost 50 percent increase to help make these improvements and to meet the increased national need for services, particularly among recent immigrants but also among other adults who need to strengthen their literacy skills or obtain a high school diploma or its equivalent.

The reauthorized Adult Education State Grants authority includes a strengthened emphasis on program accountability. States, in cooperation with the Department, will set annual performance

goals in such areas as making improvements in participants' literacy skills; receipt of high school diplomas or equivalent credentials; and placement in and completion of postsecondary education and training programs. States that exceed their goals will be eligible for performance bonuses. The 2000 budget includes \$468 million for State Grants program, an increase of \$103 million or 28 percent.

In addition, the Department is proposing several new initiatives under the reauthorized National Leadership Activities program, which supports research, demonstration, and evaluation. The \$101 million request for National Leadership includes \$70 million for "Common Ground Partnership" grants to States and localities significantly affected by immigration. These grants would support demonstration programs that provide immigrants and other participants with English literacy skills, knowledge about the rights and responsibilities of American citizenship, and skills that are necessary for functioning effectively in daily life.

The Department also would award \$23 million in discretionary grants to help States, working with private-sector partners, to incorporate technology into instruction. Finally, \$2 million would be used for a "High Skills Communities Campaign" to help States and local communities promote lifelong learning and literacy and measure their progress in meeting their literacy/lifelong learning goals. Administration of these assessments will enable schools and employers to determine if individuals have the literacy skills needed for available jobs.

The \$6 million National Institute for Literacy carries out communication, capacity-building, and policy analysis activities in support of the national goal that all Americans will be literate and able to compete in the workforce. Institute activities have included developing a Web-based literacy information and communication system, supporting the development of content standards for adult education programs, and funding a national center and other activities that focus on education of adults with learning disabilities.

State Grants for Incarcerated Youth Offenders

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$12.0	\$16.7 ¹	\$12.0

¹ Includes \$4.7 million appropriated for Literacy Programs for Prisoners.

This program provides formula grants to State correctional agencies to assist and encourage incarcerated youths to acquire functional literacy, life, and job skills through postsecondary education, employment counseling, and related services.

The 1999 appropriation included phase-out funding for Literacy Programs for Prisoners, which was repealed by the Workforce Investment Act and would not be funded in 2000.

Community-Based Technology Centers

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	—	\$10.0	\$65.0

This program makes grants to public housing facilities, community centers, libraries, and other community facilities to make educational technology available to residents of low-income urban and rural communities. The \$55 million increase proposed for 2000 would support 300 new grants, up from 40 in 1999.

Research shows that lack of access by residents of such communities to computers and other information technology limits their ability to obtain job information, educational resources, and other benefits of the Internet-based "information superhighway." Grantees will establish community learning centers that provide area residents access to pre-school and family education programs, after-school activities, adult basic and English-as-a-second-language (ESL) instruction, and online job databases.

E. POSTSECONDARY EDUCATION

Overview

The 2000 request for postsecondary education reflects President Clinton's continued strong support for higher education and takes important steps toward ensuring equal access to a quality postsecondary education for all Americans. The 2000 budget builds upon the funding and legislative successes of 1999 and continues the implementation of the reauthorized Higher Education Act, including substantial increases for important new programs that enhance teacher quality, support Hispanic-serving institutions, and strengthen tribally controlled institutions.

The 2000 request would significantly increase grant aid and work-study assistance while reducing student borrowing costs. It would fund a critical new program that would promote early awareness of the importance of higher education and the financial aid that is available to pay for it. The budget would provide grants to institutions to help increase the retention of at-risk students and would provide funds to help the Department collect information about the effectiveness of its programs. Another initiative would help District of Columbia residents pay for out-of-state tuition costs.

Following are the highlights of the Department's 2000 request:

- Total student financial aid available would expand to \$52.1 billion, a 3.9 percent increase over the 1999 level. Recipients of grant, loan, and work-study assistance would increase by over 300,000 to 8.7 million students.
- The Pell Grant maximum award would increase by \$125 to \$3,250, the highest ever, to improve access to postsecondary education for students from the neediest families. Over 3.9 million students would receive Pell grants.
- A \$64 million increase for Work-Study would fulfill the President's commitment to give 1 million students the opportunity to work their way through college and would bolster the President's "America Reads" and "America Counts" initiatives, under which Work-Study recipients serve as reading and math tutors.
- In 2000, the HOPE and Lifetime Learning tax credits will give 12.7 million students and their families \$7.5 billion to help pay postsecondary educational expenses. In addition, the Education IRA will promote savings for future educational expenses.
- A \$120 million or 100 percent increase for GEAR UP would raise the educational expectations of nearly 381,000 students in high-poverty elementary and secondary schools and give them the skills and encouragement they need to successfully pursue postsecondary education.
- A \$40 million or 53 percent increase for Teacher Quality Enhancement Grants would help States improve the quality of their teaching force, strengthen the capacity of educators to design effective teacher education programs, and support efforts to reduce shortages of qualified teachers in high-need school districts.

- A \$14 million increase for Strengthening Historically Black Colleges and Universities would demonstrate strong continued support for institutions enrolling high percentages of African-American students.
- A \$14 million increase for the Developing Hispanic-serving Institutions program would expand and enhance the academic offerings, program quality, and institutional stability of the colleges and universities that are educating the majority of Hispanic college students.
- Funding for Strengthening Tribally Controlled Colleges and Universities would double to \$6 million.
- A \$30 million increase for the TRIO programs would increase the number of McNair and Dissemination Partnership projects and provide more staff training. The total number of disadvantaged students served by the TRIO programs would increase to 725,000.
- A new \$17 million D.C. Resident Tuition Support program would pay the difference between in-State and out-of-state tuition at all public institutions of higher education in Maryland and Virginia on behalf of eligible D.C. residents.
- The \$15 million Preparing for College initiative would provide vital information to young students and their parents about the importance of higher education and the steps needed to go to college.
- A \$35 million College Completion Challenge Grants proposal would help postsecondary institutions increase the retention rate of students who are at risk of dropping out by supporting innovative financial aid approaches and strengthened support services.
- Funding for Learning Anytime Anywhere Partnerships would double to \$20 million to enhance the delivery of postsecondary education and lifelong learning opportunities for citizens in all settings.

Student Aid Summary Tables

The following tables show estimated Federal student aid funding, aid available, and recipients under the Department of Education's 2000 budget request.

<u>Budget Authority (\$ in millions)</u>	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
Pell Grants	\$7,345	\$7,704	\$7,463
Federal Family Education Loans ¹	2,101	3,419	2,217
Federal Direct Loans ²	922	425	(10)
Work-Study	830	870	934
Supplemental Grants.....	614	619	631
Perkins Loans	165	130	130
Leveraging Educational Assistance Partnerships	<u>25</u>	<u>25</u>	<u>25</u>
<u>Total</u>	<u>12,002</u>	<u>13,192</u>	<u>11,389</u>

¹ Budget authority requested for FFEL does not include the liquidating account.

² Includes subsidy costs plus Federal administration funding for Direct Loans, which includes funds used for student aid management and support for guaranty agencies.

Aid Available to Students (\$ in millions)¹

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
Pell Grants	\$7,211	\$7,373	\$7,893
Federal Family Education Loans.....	20,003	20,921	22,243
Federal Direct Loans	10,400	11,363	12,078
Consolidation Loans ²	5,665	7,525	6,840
Campus-based Programs:			
Work-Study	1,002	1,044	1,123
Supplemental Grants.....	777	784	799
Perkins Loans	<u>1,058</u>	<u>1,058</u>	<u>1,058</u>
Subtotal, Campus-based programs	<u>2,837</u>	<u>2,886</u>	<u>2,980</u>
Leveraging Educational Assistance Partnerships ³	<u>50</u>	<u>50</u>	<u>50</u>
<u>Total</u>	<u>46,166</u>	<u>50,118</u>	<u>52,084</u>

¹ Shows total aid generated by Department programs, including Federal Family Education Loan capital, Perkins Loan capital from institutional revolving funds, and institutional and State matching funds.

² New FFEL and Direct Loans issued to consolidate existing loans.

³ Reflects the LEAP program's statutory dollar-for-dollar State matching requirement.

Number of Student Aid Awards
(in thousands)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
Pell Grants	3,838	3,811	3,864
Federal Family Education Loans.....	5,378	5,627	5,878
Federal Direct Loans	3,018	3,122	3,263
Consolidation Loans.....	301	362	340
Campus-based programs:			
Work-Study	892	930	1,000
Supplemental Grants.....	1,109	1,118	1,139
Perkins Loans	<u>698</u>	<u>698</u>	<u>698</u>
Subtotal, Campus-based programs	2,699	2,746	2,837
Leveraging Educational Assistance Partnerships ¹	<u>83</u>	<u>83</u>	<u>83</u>
<u>Total awards</u>	<u>15,317</u>	<u>15,751</u>	<u>16,265</u>

¹ Reflects only the LEAP program's statutory dollar-for-dollar State matching requirement.

Number of Students Aided by Department Programs

Unduplicated count	8,245	8,462	8,769
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Student Aid Overview

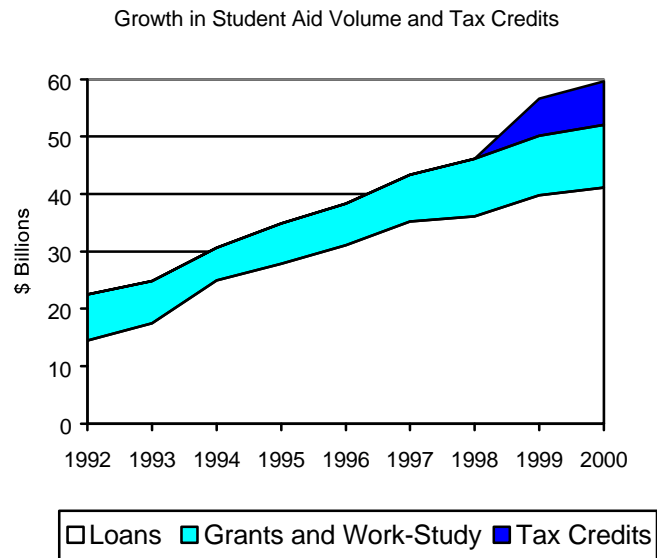
With more affordable student loans, significant increases in Work-Study assistance and Pell Grants, and higher education tax credits, the Administration continues to make great strides in opening the doors of college to everyone who has the desire and preparation to go. The enactment of the Higher Education Amendments of 1998 reflected a number of the Administration's key initiatives and marked an important step forward in the President's effort to help more Americans get the higher education they need to succeed in today's global economy and to make lifelong learning a real possibility for all Americans.

The Higher Education Amendments of 1998 made many important changes to the Federal student aid programs including:

- Establishing the Office of Student Financial Assistance Programs as the first Performance-Based Organization (PBO) in the Federal Government. The PBO will modernize the delivery of student aid and improve services to millions of students and the postsecondary institutions they attend;
- Improving the need analysis system, which will increase student aid awards for students from low-income families;

- Extending Pell Grant eligibility for future teachers in States that require a fifth year of study beyond a bachelor's degree for teacher certification;
- Improving student loan terms by reducing borrower interest rates and deferment requirements, expanding repayment options, and allowing students to consolidate in either FFEL or Direct Loans;
- Restructuring the student loan guaranty agency system for greater efficiencies;
- Modifying the allocation formula for all three Campus-Based programs (SEOG, Work-Study and Perkins loans) to target student aid more effectively;
- Expanding student aid eligibility for distance learners through demonstration projects that waive some student aid restrictions to allow more nontraditional students to obtain higher education.

The Administration's 2000 proposals build upon these changes and support major Departmental objectives of ensuring postsecondary education access and completion while maintaining efficiently run, cost-effective delivery systems. One of the Administration's primary goals is to continue the growth of grant and work-study assistance programs in light of substantial borrowing trends. For example, the Administration is seeking a \$125 increase to the Pell Grant maximum award for a 2000 level of \$3,250, the highest ever. This would represent part of a 41 percent increase in the Pell Grant maximum since 1992. In addition, one million students would be able to take advantage of Work-Study opportunities under a proposed \$64 million increase in the program.



As reflected in the chart above, total new student loan volume continues to expand dramatically, more than doubling from about \$15 billion in 1992 to over \$30 billion in 1998, and estimated to grow to over \$34 billion by 2000. Much of this growth in loan volume is attributable to students at four-year institutions, accounting for over 80 percent of all borrowing in the loan programs.

The Department proposes to help borrowers ease loan repayment by extending the temporary interest rates for Direct Consolidation Loans, enabling students to save on loan costs. At the same time, the 2000 loan policies focus on improved management and collection of defaulted loans to help sustain the progress already achieved in recent years both in reducing default levels and increasing collections as realized. For instance, in 1998, FFEL default levels decreased almost \$800 million, or 28 percent, to \$2.1 billion while collections were up by over \$100 million. These proposed policies would affect lenders, guaranty agencies, and borrowers.

Overall, the 2000 request further strengthens the President's commitment to postsecondary education by providing \$52.1 billion in grant, loan and work-study assistance to over 8.7 million students, an increase of over 300,000 from 1999. In addition, approximately \$7.5 billion in Hope Scholarship and Lifetime Learning tax benefits will make college more affordable for an estimated 12.7 million Americans. This significant investment will ensure that the doors of college remain open to all Americans in the 21st Century.

Pell Grants

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$7,334.9	\$7,704.0	\$7,463.0
Program costs (\$ in millions)	7,423.7	7,605.0	7,912.0
Aid available (\$ in millions)	7,211.0	7,373.0	7,893.0
Recipients (in thousands)	3,838	3,811	3,864
Maximum grant	\$3,000	\$3,125	\$3,250
Average grant	\$1,879	\$1,935	\$2,043

The Pell Grant program helps ensure financial access to postsecondary education by providing grant aid to low- and middle-income undergraduate students. The most need-focused of the Department's student aid programs, Pell Grant awards vary in proportion to the financial circumstances of students and their families.

The Administration is proposing to increase the Pell Grant maximum award to \$3,250 in 2000, up from \$3,125 in 1999. This \$125 increase would expand access to postsecondary education for millions of disadvantaged students while also increasing opportunities for working Americans to upgrade their knowledge and skills.

The 2000 request assumes a projected funding surplus of \$449 million for the Pell Grant program. This cumulative surplus represents a continuous yield of unobligated balances from previous award years as well as projected program costs for the 1998-1999 and 1999-2000 award years that are below the respective appropriations for those years. The largest components of the cumulative surplus are projected to occur in award years 1998-1999 and 1999-2000. Based primarily on a lower than expected growth rate for undergraduate Title IV

applicants, the Department now projects that the 1998 appropriation exceeds the total cost of the 1998-1999 award year by \$115 million. This change in the Department's applicant growth rate assumption is compounded in its award year 1999-2000 estimate which is nearly \$312 million below the FY 1999 appropriation. The remaining surplus of \$22 million is a result of unobligated balances through the 1997-1998 award year.

Campus-based Programs

The Work-Study, Supplemental Educational Opportunity Grants, and Perkins Loans programs are collectively referred to as the "campus-based" programs because participating institutions are provided with funding that they are responsible for administering on their own campuses. These programs provide financial aid administrators with considerable flexibility in the packaging of financial aid awards to best meet the needs of their students.

Work-Study

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$830.0	\$870.0	\$934.0
Aid available (\$ in millions).....	1,002.0	1,044.0	1,123.0
Recipients (in thousands).....	892	930	1,000
Average award.....	\$1,123	\$1,123	\$1,123

The 2000 request for Work-Study is \$934 million, an increase of \$64 million or 7.4 percent over the 1999 level, to give over one million students the opportunity to work their way through college.

The Work-Study program provides grants to participating institutions to pay up to 75 percent of the wages of needy undergraduate and graduate students working part-time to help pay their college costs. The school or other eligible employer provides the remaining 25 percent of the student's wages. Funds are allocated to institutions on the basis of a statutory formula, and individual award amounts to students are determined at the discretion of institutional financial aid administrators.

Institutions must use at least 7 percent of their Work-Study allocations to support students working in community service jobs. The President encourages institutions to continue using Work-Study funds to promote community service activities, particularly in the areas of tutoring children in mathematics, reading, and serving in family literacy programs.

Through the America Reads Challenge, tens of thousands of Work-Study students at more than 1,000 colleges and universities are earning money for college while they are helping others to learn to read. The Department waives the 25 percent institutional matching requirement for students who work as reading tutors in literacy programs that provide services to preschool age children, children in elementary school, and their families.

As part of the America Counts Challenge, the Department has extended this matching requirement waiver to mathematics tutors starting with the 1999-2000 award year. The America Counts Challenge is aimed at helping all students master challenging mathematics, including the

foundations of algebra and geometry, by the end of the 8th grade. The Work-Study waiver enables college students with an affinity for mathematics and science to gain valuable work experience as tutors while taking an active role in helping students master advanced skills in mathematics.

Supplemental Educational Opportunity Grants

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$614.0	\$619.0	\$631.0
Aid available (in millions)	777.0	784.0	799.0
Recipients (in thousands)	1,109	1,118	1,139
Average award	\$701	\$701	\$701

The Supplemental Educational Opportunity Grant (SEOG) program provides grant assistance of up to \$4,000 per academic year to undergraduate students with demonstrated financial need. The \$631 million request is an increase of \$12 million over the 1999 level. Along with institutional matching funds, the request would provide nearly \$800 million in grant aid to more than 1.1 million students.

SEOG funds are allocated to institutions on the basis of a statutory formula, and a 25 percent institutional match is required. Awards to students who meet general need criteria are determined at the discretion of institutional financial aid administrators, although schools are required to give priority to students with "exceptional need" and to Pell Grant recipients.

Perkins Loans
(BA in millions)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
Federal Capital Contributions	\$135.0	\$100.0	\$100.0
Loan Cancellation Payments	30.0	30.0	30.0
Loan volume (\$ in millions).....	1,058	1,058	1,058
Number of borrowers (in thousands)	698	698	698
Average loan.....	\$1,516	\$1,516	\$1,516

In 2000, nearly \$1.1 billion will be available for new Perkins Loans to some 698,000 recipients, the same as in 1999. The Administration is requesting \$100 million in new budget authority for Federal Capital Contributions to supplement the resources from repayments on outstanding loans. As in past years, the majority of the funding for new loans made under the Perkins Loans program will come from the repayment of outstanding loans to the program's institutional revolving funds. The Department estimates that over \$930 million from these repayments will be available in 2000 before subtracting administrative expenses.

The Perkins Loan program provides long-term, low-interest loans to undergraduate and graduate students with demonstrated financial need. Loans are made from institutional revolving funds. Approximately 2,000 participating institutions currently administer Perkins Loans institutional revolving funds, with total assets of about \$7 billion representing nearly 40 years of Federal capital contributions, institutional matching funds, repayments on previous loans, and reimbursements for cancellations. Institutions provide one dollar for every three dollars of new Federal capital.

Perkins Loan borrowers pay no interest during in-school, grace, and deferment periods, and are currently charged 5 percent interest during the principal repayment period. With the enactment of the Higher Education Amendments of 1998, undergraduate students can now borrow up to \$4,000 and graduate and professional students can borrow up to \$6,000 each year. The cumulative maximum is \$40,000 for combined undergraduate and graduate or professional study.

The \$30 million request for Perkins Loan Cancellations will reimburse institutional revolving funds for borrowers who seek cancellation of their Perkins loans in exchange for undertaking certain public service employment, such as teaching in Head Start programs, full-time law enforcement, or nursing.

Leveraging Educational Assistance Partnerships

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$25.0	\$25.0	\$25.0
Aid available in millions	50.0	50.0	50.0
Maximum grant	\$5,000	\$5,000	\$5,000
Recipients (in thousands) ¹	83	83	83
Average Grant.....	\$600	\$600	\$600

¹ Reflects the program's statutory dollar-for-dollar State matching requirement. Discretionary State contributions above the required match, which are not reflected, significantly increase the number of grant recipients, the amount of available aid, and the average award.

The newly authorized Leveraging Educational Assistance Partnership (LEAP) program provides dollar-for-dollar Federal matching funds to support State need-based postsecondary student grant assistance. The program was previously authorized as the State Student Incentive Grant (SSIG) Program. When the SSIG program was first authorized in 1972, 28 States had undergraduate grant programs. Now all States have established need-based student grant programs.

Federal LEAP funds are awarded to States to encourage the retention and expansion of existing State grant programs, and to establish community service programs to help financially needy students pay for college.

Direct Loans and Federal Family Education Loans
(BA in millions)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
Direct Loans			
New Loan Subsidies.....	\$217.5	\$167.9	-\$745.3 ¹
Re-estimate of Prior Loans ²	172.7	-360.9	—
Federal Administration—Student Aid Management ³	<u>530.0</u>	<u>617.5</u>	<u>735.0</u>
Subtotal, Direct Loans	920.2	424.5	-10.3
Federal Family Education Loans			
New Loan Subsidies.....	\$2,054.4	\$3,525.3	\$2,168.5
Re-estimate of Prior Loans ²	—	-153.1	—
Federal Administration.....	<u>46.5</u>	<u>47.3</u>	<u>48.0</u>
Subtotal, FFEL loans	2,100.8	3,419.0	2,216.5
FFEL Liquidating Account ⁴	551.0	-411.4	-59.1
Total, Student Loans	3,572.0	3,432.1	2,147.1
New loan volume			
Direct Loans	10,400	11,363	12,078
Federal Family Education Loans	20,003	20,921	22,243
Direct Consolidation Loans	2,431	4,869	4,077
FFEL Consolidation Loans	<u>3,234</u>	<u>2,656</u>	<u>2,763</u>
Total	36,068	39,809	41,161
Number of loans (in thousands)			
Direct Loans	3,018	3,122	3,263
Federal Family Education Loans	5,378	5,627	5,878
Direct Consolidation Loans	107	194	167
FFEL Consolidation Loans.....	<u>194</u>	<u>168</u>	<u>173</u>
Total	8,697	9,111	9,481

¹ For Direct Loans made in 2000, the value of future repayments of interest and collections on defaults will exceed the costs of defaults and in-school interest subsidies.

² Direct Loans re-estimate for 1999 is -\$360.9 million, primarily reflecting technical adjustments in interest rate assumptions and repayment plan distribution data. FFEL re-estimate for 1999 is -\$153.1 million due primarily to technical adjustments in repayments and defaults. Under Credit Reform, the subsidy amounts needed for active loan cohorts are re-estimated annually in both Direct Loans and FFEL to account for changes in actual data compared to projections.

³ These costs include loan servicing, collection, and other administrative costs associated with the Direct Student Loan program, and student aid management costs such as application processing as well as other ADP contracts, including the National Student Loan Data System. In 1999, about 30 percent of these costs reflect estimated payments to FFEL guaranty agencies. Total for 1998 includes \$25 million transfer from Higher Education Assistance Foundation Treasury account.

⁴ This account reflects costs associated with loans made prior to 1992. In fiscal years 1999 and 2000, collections will exceed default and in-school interest costs. Therefore, Budget Authority is negative in those years.

The Department of Education operates two major student loan programs: the Federal Family Education Loan (FFEL) program and the William D. Ford Federal Direct Loan (Direct Loan) program. The Administration is committed to supporting two strong student loan delivery systems, allowing individual institutions to choose which best meets their needs and the needs of their students.

The FFEL program makes loan capital available to students and their families through some 4,800 participating private lenders. There are 36 active State and private nonprofit guaranty agencies which administer the Federal guarantee protecting FFEL lenders against losses related to borrower default. These agencies also collect on defaulted loans and provide other services to lenders.

In order to reduce complexity, improve efficiency for both borrowers and schools, and lower taxpayer costs, a simpler Direct Loan program was established by the Student Loan Reform Act (SLRA) of 1993. Under this program, the Federal Government uses Treasury funds to provide loan capital directly to schools, which then disburse loan funds to students—greatly streamlining loan delivery for students, parents, and schools.

The Direct Loan program began operation in academic year 1994-95 and has now grown to about 33 percent of student loan volume, a level it is projected to sustain over the next few years. By the end of the fourth year of operation (1997-98) approximately 1,260 schools—representing about 26 percent of all schools in the Department's student loan programs—were actively participating in the Direct Loan program.

Basic Loan Program Components

Both FFEL and Direct Loans feature four types of loans with similar fees and maximum borrowing amounts:

- Stafford Loans are subsidized, low-interest loans based on financial need. The Federal Government pays the interest while the student is in school and during certain grace and deferment periods. The interest rate varies annually and is capped at 8.25 percent. The 1999 rate is 7.46 percent for borrowers in repayment.
- Unsubsidized Stafford Loans are offered at the same low rates as subsidized Stafford Loans, but the Federal Government does not pay interest for the student during in-school, grace, and deferment periods.
- PLUS Loans are available to parents of dependent undergraduate students at slightly higher rates than Stafford or Unsubsidized Stafford Loans, and the Federal Government does not pay interest during in-school, grace, and deferment periods. The interest rate varies annually and is capped at 9 percent. The 1999 rate is 8.26 percent.

- Consolidation Loans allow borrowers with multiple student loans who meet certain criteria to combine their obligations and extend their repayment schedules. Under the recently enacted Higher Education Amendments of 1998, Direct Consolidation Loan applications received between October 1, 1998 and February 1, 1999 have interest based on the 91 day T-bill plus 2.3 percent, (or 7.46 percent). FFEL Consolidation Loans use the weighted average of loans consolidated rounded up to the nearest 1/8th of a percent.

Higher Education Amendments of 1998

The student loan programs were recently reauthorized by The Higher Education Amendments of 1998 ("the reauthorization"). This legislation reformulated a number of loan policies in an effort to improve the effectiveness and efficiency of the student loan programs.

One key change was to interest rate calculations. Loans disbursed after October 1, 1998 will accrue interest based on the 91-day T-bill plus 1.7 percent while borrowers are in school and 2.3 percent when loans are in repayment. Lenders receive an additional one-half of one percent subsidy from the Government. Thus, lenders will earn interest based on the 91 day T-bill plus 2.2 percent during the in-school period and 2.8 percent during in repayment. These new rates are lower for both students and lenders.

Other changes made in reauthorization include the following:

For students: reducing the interest rate basis, limiting the periods where lenders may capitalize interest, providing an extended repayment option to new FFEL borrowers with over \$30,000 in student loan debt, allowing FFEL borrowers to annually change their repayment option, allowing Direct Loan borrowers to consolidate into FFEL, limiting bankruptcy discharge of student loans to cases of undue hardship, and establishing a new teacher loan-forgiveness program.

For lenders: increasing default timing criteria from 180 days to 270 days, revising methods for the Secretary to collect origination fees, and exempting small lenders from annual compliance audits.

For guaranty agencies: reducing reinsurance payment levels from 98 to 95 percent, reducing default collection retention from 27 to 24 percent, introducing voluntary flexible agreements, establishing new default aversion fees in place of supplemental pre-claims assistance payments, and separating reserve funds into Federal funds owned by the government and operating funds owned by the agency.

For schools: waiving the 30-day delayed disbursement rule for schools with cohort default rates under 10 percent, creating additional mitigating circumstances criteria, and using a master (multi-year) promissory note by July 1, 2000.

For the Federal Government: creating new processing and issuance fees and account maintenance fees paid to guaranty agencies and authorizing the sale of Direct Loans.

The 2000 Request

The Administration's 2000 budget proposals for the student loan programs build on changes made in the reauthorization and are designed to produce greater program efficiencies, increased taxpayer savings, and reduced borrowing costs. Administration proposals would save an estimated \$2.3 billion in 2000 and \$4.6 billion over five years. These policies and their budget impact in 2000 are shown below:

- Extend the current interest rate basis for Direct Consolidation Loans—scheduled to increase on February 1, 1999—through the end of fiscal year 2000, resulting in lower borrowing costs for students (costs \$91 million).
- Reduce the percentage of default collections guaranty agencies may retain from the current 24 percent to 18.5 percent, in line with Department experience from its own collection contractors (saves \$481 million).
- Eliminate the complement percentage that guaranty agencies charge as part of default collections. The reauthorization lowered the amount guaranty agencies are reimbursed for most defaulted loans from 98 percent to 95 percent of the insured loan amount. This proposal would create real risk-sharing by eliminating the “complement” provisions that allow agencies to recoup this 5 percent cost from subsequent default collections. For example, if a guaranty agency collects \$100 on a defaulted loan, not only does it retain 24 percent (or \$24) of that collection, but it is allowed to add 5 percent back for the “complement” for a total retention of \$29 (saves \$41 million).
- Allow interest to accrue on delinquent loans up to the 180th day of delinquency, but not beyond. The reauthorization increased the number of delinquent days required before lenders may file a default claim from 180 to 270. Under this proposal lenders would not earn interest after day 180. This would act as a lender incentive to bring the loan into repayment or consolidation (saves \$17 million).
- Extend Department of Education access to the National Directory of New Hires now used in the Department of Health and Human Services to help track down people liable for child support payments. By providing information about the most recent employer of loan defaulters, this database adds another resource to aid in the collection of student loan defaults by the Department and the guaranty agencies (saves \$879 million).
- Expand the use of voluntary flexible agreements with guaranty agencies that may not survive economically under new HEA rules in order to provide them maximum flexibility to operate. Such agreements would afford agencies greater discretion in their financial and operational organization.
- Allow guaranty agencies an additional 5 years to pay back working capital borrowed from the Federal Fund. This would allow more time for guaranty agencies to establish operations under the new system.

- The restructuring of the guaranty agency system under reauthorization and the President's proposals reduced the need for agencies to hold Federal reserve funds (saves \$23 million).
- Recall an additional \$1.6 billion in reserve funds held by guaranty agencies (saves \$868 million) and accelerate the recall of \$165 million in Federal reserves into 1999 and 2000.
- Reduce interest subsidy payments to lenders from 50 basis points to 20 basis points for loans funded through tax-exempt securities. This would be consistent with loan yields funded through private capital (saves \$132 million).

Student Aid Program Management

The Department would spend almost \$867 million in 2000 to administer the Federal postsecondary student aid programs and pay account maintenance fees to FFEL guaranty agencies, an increase of \$120 million over the 1999 level. Of these funds, \$687 million would support Department administrative activities, primarily for the student financial assistance programs, and \$180 million would be paid to guaranty agencies. These funds, which make up more than 65 percent of the Department's overall administrative budget, are drawn from four sources: mandatory funding authorized under Section 458 of the Higher Education Act (84.8 percent of total funds available), the discretionary Program Administration account (9.6 percent), a discretionary appropriation covering a portion of administrative costs for the FFEL program (5.5 percent), and discretionary appropriations for administrative costs associated with facilities loan programs (less than 1 percent). For more details, see Section G on Departmental Management.

In recognition of the importance of these management responsibilities, the Department has undertaken a major reorganization to better focus resources and management expertise. The Office of Student Financial Assistance Programs (OSFAP), which had previously been included within the Office of Postsecondary Education (OPE), is being transformed into a performance-based organization (PBO) reporting directly to the Secretary.

On December 8, 1998, Greg Woods was sworn in as Chief Operating Officer of the PBO. Mr. Woods is now moving ahead to develop performance measures and a five-year budget plan consistent with the requirements of the Higher Education Amendments of 1998. The Department expects to submit a revised program management budget plan and performance measures for the PBO to Congress in late Spring 1999.

The remaining offices of OPE—the Office of Policy, Planning and Innovation, the Office of Higher Education Programs, and the immediate office of the Assistant Secretary—will focus on providing national leadership and fostering strategic innovations to ensure access to postsecondary education, promote high standards and achievement for all postsecondary students, and expand linkages with other areas of national interest.

Higher Education Tax Benefits

Important postsecondary education tax benefits enacted as part of the Taxpayer Relief Act of 1997 will save students and families billions of dollars in fiscal year 2000.

Tax Credits. The HOPE Scholarship tax credit will reimburse families for up to \$1,500 for each of the first two years of postsecondary education. An estimated 5.5 million students and their families will receive nearly \$4.9 billion in HOPE tax credits in 2000. Lifetime Learning tax credits, worth up to \$2,000 in 2000 and later years, will make postsecondary education more affordable for students beyond their first two years of study, as well as for those taking classes part-time to upgrade their job skills. An estimated 7.2 million students will receive nearly \$2.7 billion in Lifetime Learning tax credits in 2000. Eligibility for both higher education tax credits phases out at incomes between \$80,000 and \$100,000 for joint filers, and at incomes between \$40,000 and \$50,000 for single filers.

New Individual Retirement Account rules will promote savings for college by allowing families to withdraw funds from their IRA accounts without penalty and spend the earnings on postsecondary education costs on a tax-free basis.

Student Loans interest deduction. A new Tax Code provision allows an "above the line" deduction (the taxpayer does not need to itemize in order to benefit) for interest paid in the first 60 months of repayment on private or Government-backed loans for postsecondary education. The maximum deduction is \$1,500 in 1999, \$2,000 in 2000, and \$2,500 in 2001 and beyond. Eligibility for this deduction is phased out at incomes between \$60,000 and \$75,000 for joint filers and between \$40,000 and \$55,000 for single filers.

Employer-provided education benefits. Section 127 of the Tax Code, which allows workers to exclude from their taxable income up to \$5,250 of employer-provided education benefits for undergraduate courses, was extended through June 1, 2000.

Higher Education Programs Overview

Research shows that the rates at which minority, low-income, and other disadvantaged students enroll in and graduate from postsecondary institutions remain far lower than those of other students, despite the availability of substantial amounts of Federal student financial aid. To address this serious issue, the President's budget request for Higher Education calls for additional types of support for these students through such programs as GEAR UP, Title III, TRIO, Preparing for College, and College Completion Challenge Grants.

The 2000 request would double funding for GEAR UP to provide comprehensive mentoring, counseling, outreach, and support services for a larger number of low-income elementary and secondary school students who must overcome many non-financial barriers to obtain a postsecondary education. The Administration also requests a substantial increase in the Aid for Institutional Development and Developing Hispanic-serving Institutions programs to support institutions that serve minority and disadvantaged students. This includes large increases for Historically Black Colleges and Universities, Historically Black Graduate Institutions, Tribally

Controlled Colleges and Universities, and the Minority Science and Engineering Improvement Program.

The Administration's request includes a \$30 million increase for the TRIO programs to help improve the participation and completion rates of disadvantaged students through the academic pipeline from middle school through graduate school. Funding for Learning Anytime Anywhere Partnerships would be doubled to \$20 million to expand support for pilot projects using technology and other innovations to enhance the delivery of postsecondary education and lifelong learning opportunities for all citizens in all settings.

Three new initiatives also would improve college-going and completion rates. The \$15 million Preparing for College proposal would inform middle and secondary school students, as well as adults, about the importance of postsecondary education and the availability of student financial aid. The \$35 million College Completion Challenge Grants initiative would help universities to increase the persistence rate of students who are at risk of dropping out. And the new \$17 million D.C. Resident Tuition Support program would help D.C. residents pay for tuition at all public higher education institutions in Maryland and Virginia.

A 53 percent increase for Teacher Quality Enhancement Grants, to \$115 million, would expand efforts to recruit and train high-quality teachers. The \$27.5 million FIPSE request would promote excellence and improve the quality of higher education institutions. Increases for the Byrd Honors Scholarships, GAANN, and Jacob J. Javits Fellowship programs would recognize and reward a high level of achievement by providing more scholars with the resources to successfully acquire a high-quality undergraduate and graduate education.

Title III: Aid for Institutional Development
(BA in millions)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
Strengthening Institutions (Part A)	\$55.5	\$60.3	\$61.6
Strengthening Historically Black Colleges and Universities (Part B)	118.5	134.5	148.7
Strengthening Historically Black Graduate Institutions (Part B)	25.0	30.0	32.0
Strengthening Tribally Controlled Colleges And Universities (Part A)	—	3.0	6.0
Strengthening Alaska Native and Native Hawaiian-serving Institutions (Part A)	—	3.0	3.0
Minority Science and Engineering Improvement (Part E)	<u>5.2</u>	<u>7.5</u>	<u>8.5</u>
Total	204.2	238.3	259.8

The 2000 request for Title III supports the Administration's strong commitment to ensuring access to high quality postsecondary education for the Nation's minority and disadvantaged students. A \$22 million or 9 percent overall increase in Title III funding would help provide equal educational opportunity and strong academic programs for such students and help achieve greater financial stability for the institutions that serve these students. The Department is

requesting a \$14.3 million increase for Historically Black Colleges and Universities and a \$2 million increase for Historically Black Graduate Institutions. The request also would double funding for the Tribally Controlled Colleges and Universities program to support institutions that serve Native Americans. Other institutions with limited resources enrolling a high percentage of needy students (Part A institutions) would receive an 2.2 percent increase over the 1999 level.

The request also provides a \$1 million or 13 percent increase for the Minority Science and Engineering Improvement Program to help improve science and engineering programs at postsecondary institutions with predominantly minority enrollments.

Developing Hispanic-serving Institutions

	<u>1998</u>	<u>1999</u>	<u>Request</u>
BA in millions	\$12.0	\$28.0	\$42.3

The budget provides an increase of \$14.3 million to expand and enhance the academic offerings, program quality, and institutional stability of the colleges and universities that award the majority of undergraduate degrees to Hispanics. This request demonstrates the Administration's commitment to improving postsecondary opportunities for Hispanic students.

International Education and Foreign Language Studies

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$59.4	\$66.5	\$68.0

The request would provide continued support for Domestic and Overseas programs that strengthen the American education system in the area of foreign languages and international studies. These programs support comprehensive language and area study centers within the United States, research and curriculum development, and opportunities for American scholars to study abroad. In addition to promoting general understanding of the peoples of other countries, the Department's international programs also serve important economic, diplomatic, defense, and other security interests of the United States. The request would fund approximately 443 grants to institutions of higher education and directly support 955 individuals through fellowships and projects.

Institute for International Public Policy

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$1.0	\$1.0	\$1.0

The 2000 request maintains support for the Institute's efforts to encourage under-represented minorities to enter the Foreign Service of the United States and serve in private international voluntary organizations.

Fund for the Improvement of Postsecondary Education (FIPSE)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$25.2	\$50.0	\$27.5

The FIPSE request would provide continued support for innovative projects that enhance postsecondary education quality and cost effectiveness. The request would fund 173 new and continuing projects under the Comprehensive program in areas of postsecondary education access, retention and completion, workforce preparation, school-college partnerships, improvement of campus environments, curricula reform, and faculty development. In response to growing concern over the rising costs of higher education, the Department is proposing to increase FIPSE's support for restructuring projects that address issues of cost containment at postsecondary institutions. The request also would support new dissemination and international exchange efforts.

Urban Community Service

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$4.9	\$4.6	—

This program helps institutions of higher education serve as a resource for urban communities attempting to solve problems. The program is proposed for elimination since efforts to solve the social and economic problems of urban areas are more appropriately addressed under other Department programs and initiatives as well as programs and budgets of other Federal and State agencies.

Demonstration Projects to Ensure Quality Higher Education for Students with Disabilities

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	—	\$5.0	\$5.0

This program funds model demonstration projects that provide technical assistance and professional development activities for faculty and administrators in institutions of higher

education in order to improve the quality of education for students with disabilities. Funds are used to develop innovative and effective teaching methods, synthesize research and information, and conduct training sessions.

Academic Facilities
(BA in millions)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
Interest Subsidy Grants	\$13.7	\$13.0	\$12.0
CHAFL Federal Administration	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>
Total	14.4	13.7	12.7

The academic facilities programs were created to provide financial assistance to institutions of higher education for the construction, reconstruction, or renovation of academic facilities. Funds are requested solely to manage and service the existing portfolios of facilities loans and grants that were made in prior years.

Federal TRIO Programs
(BA in millions)

	<u>1998</u>	<u>1999</u>	<u>Request</u>
Student Support Services.....	\$172.1	\$178.8	\$182.7
Upward Bound	201.8	258.8	264.5
Talent Search.....	98.7	98.4	100.5
Educational Opportunity Centers	29.0	29.8	30.5
McNair Postbaccalaureate Program	20.8	23.5	32.1
Staff Training	3.8	4.4	5.0
Dissemination Partnership Projects	0	2.0	10.0
Evaluation	1.5	1.5	1.5
Administration/Peer Review	<u>2.0</u>	<u>2.8</u>	<u>3.2</u>
Total	529.7	600.0	630.0

The TRIO programs fund outreach and student support services that encourage individuals from disadvantaged backgrounds to enter and complete postsecondary education programs. These services complement the Department's student financial aid programs by helping to ensure postsecondary education access for disadvantaged students and by providing them with the support they need to successfully complete postsecondary programs. The 2000 request would provide new awards for the McNair program, Staff Training, and Dissemination Partnerships and continuation awards for the remaining TRIO programs. These programs will serve almost 725,000 students in fiscal year 2000.

Student Support Services, which research shows to have a positive effect on college grade point average and retention, would provide remediation and intensive support services to an estimated 178,099 disadvantaged undergraduate students. Talent Search would identify and encourage an

estimated 320,499 students from disadvantaged backgrounds to graduate from high school and enroll in college. Educational Opportunity Centers would provide assistance and information to an estimated 162,286 adults seeking to pursue a program of postsecondary education. Upward Bound, which has been shown to improve the academic preparation of participants while in high school, would provide intensive academic support services to an estimated 56,462 disadvantaged high school students to generate the skills and motivation needed to pursue a program of education beyond high school. The McNair program would support scholarly activities and other assistance to help prepare an estimated 3,675 disadvantaged undergraduates who want to pursue graduate or doctoral study. The Dissemination Partnership projects would leverage the success of TRIO to help ensure access and success in postsecondary education for disadvantaged students not directly served by TRIO programs.

Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	—	\$120.0 ¹	\$240.0

¹ \$1.2 million of GEAR UP funding will be used to fund last year of NEISP continuation awards.

Through early college preparation and awareness activities, GEAR UP will raise the educational expectations of nearly 381,000 students in high-poverty elementary and secondary schools and give them the skills and encouragement they need to successfully pursue postsecondary education. The 2000 request, which would double the first-year funding provided in 1999, demonstrates the Administration's strong commitment to ensuring access to postsecondary education for all students. The request would create a strong impact at the national level by providing funds to all of the 53 eligible States and Territories and to nearly 1,000 of the 6,000 middle grade schools that have more than half of their students living in poverty.

Scholarships and Fellowships

(BA in millions)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
Byrd Honors Scholarships	\$39.3	\$39.9	\$39.9
Graduate Assistance in Areas of National Need.....	30.0	30.0	30.0

¹ Funding for Javits Fellowships is included in the total for GAANN.

The Byrd Honors Scholarships program provides merit-based awards to four cohorts of undergraduate college students. Increased funding for the program would provide awards for over 26,500 students, including 6,928 new scholars. Scholarships would remain at the authorized level of \$1,500.

The Graduate Assistance in Areas of National Need (GAANN) program rewards excellence and supports financial opportunity through fellowships to outstanding students studying in areas of critical national need. Participating graduate schools are required to recruit students from

under-represented groups. The request would support an estimated 1,281 fellows, a 36 percent increase over the 1999 level.

Jacob K. Javits Fellowships provide up to 4 years of support to students of superior ability who are pursuing doctoral or the highest terminal degrees in the arts, humanities, and social sciences. Javits fellows may pursue study at any participating institution of their choice. The 2000 request would support an estimated 317 fellows.

Child Care Access Means Parents in School

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	—	\$5.0	\$5.0

Level-funding would support 40 continuing awards planned for fiscal year 1999. Grants under this program support or establish campus-based childcare centers serving primarily the needs of low-income students. Grants are also used to provide before- and after-school services. These funds are only used to supplement childcare services or start a new program, not to supplant funds for current childcare services.

Learning Anytime Anywhere Partnerships

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	—	\$10.0	\$20.0

This program supports pilot projects using distance learning technology and other innovations to enhance the delivery of postsecondary education and lifelong learning opportunities to students. The program especially helps dislocated workers who need to acquire new skills, individuals making the transition from welfare to work, and individuals interested in investing in their own futures by upgrading their academic or job skills who may be limited in their options because of family obligations or by other time and place constraints. The increase would support a new competition while continuing projects first funded in 1999.

Preparing for College

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	—	—	\$15.0

This new program would provide information to middle and high school students, as well as to adults, on preparation for college. Through pamphlets and videos, community events, and public service announcements, the program would educate students, especially middle school students and their parents, about the importance of higher education and the many steps necessary to attend college. It would inform families about the academic coursework that is needed in middle school and high school to gain entrance into college and about the financial aid opportunities available to finance that education.

College Completion Challenge Grants

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	—	—	\$35.0

This proposal would support experimental approaches to retention aimed at helping institutions of higher education increase the persistence rate of students who are at risk of dropping out. Institutions of higher education that show they have already invested their own resources in persistence programs for at-risk students, but still experience a gap between the dropout rates of disadvantaged students and other students, may apply for competitive grants. Funds would be used to strengthen existing retention efforts by providing larger grant awards, intensive summer programs, and stronger support services.

D.C. Resident Tuition Support

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	—	—	\$17.0

This new initiative would pay the difference between in-State and out-of-State tuition at all public institutions of higher education in Maryland and Virginia on behalf of D.C. residents who have recently graduated from high school or received a GED. The proposal would provide expanded opportunities for D.C. residents that are similar to opportunities available to residents of States and would provide incentives for local public colleges and universities in Maryland and Virginia to actively recruit D.C. students.

Teacher Quality Enhancement Grants
(BA in millions)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
State Grants.....	—	\$33.8	\$40.0
Partnership Grants	—	33.8	40.0
Recruitment Grants	<u>—</u>	<u>7.5</u>	<u>35.0</u>
Total.....	—	75.0	115.0

The State Grants program is designed to help States improve the quality of their teaching force through promoting reform activities such as teacher licensing and certification, accountability for high quality teacher preparation and professional development, and recruiting teachers for high-need schools. The Partnership Grants program supports strengthening the capacity of K-12 educators in designing and implementing effective teacher education programs, and by increasing collaboration among these practitioners and departments of arts and sciences and schools of education at institutions of higher education. The Recruitment Grants program supports the efforts to reduce shortages of qualified teachers in high-need school districts. The program also supports high-quality teacher preparation and induction programs tailored to meet these locally-identified needs, identify the pools of potential teachers who meet these needs, and recruit individuals from these pools. States or partnerships may apply to receive recruitment grants.

The \$40 million increase proposed for 2000 would support 24 State grants and 24 Partnership grants, and would increase the number of scholarships by an estimated 5,445 over the 1999 level.

Teacher Training in Technology

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	—	\$75.0	\$75.0

This program makes competitive grants to consortia of States, colleges of education, school districts, and others to help ensure that all new teachers can teach effectively with technology. Currently, most colleges of education do not adequately prepare teachers to use educational technology; the emphasis is on computer literacy rather than the application of technology to the classroom. The request would support 75 new awards for intensive training and support of new teachers that are closely linked to efforts by States, colleges of education, and the private sector.

Underground Railroad Program

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	—	\$1.8	\$1.8

This program helps one or more non-profit educational organizations establish facilities to house, display, and interpret artifacts relating to the history of the Underground Railroad, and to make the interpretive efforts available to institutions of higher education. Funds are used to assist in the building of public-private partnerships and the creation of endowment funds to support ongoing museum operations.

Web-based Education Commission

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	—	\$0.5	—

This program provides funding for a commission to conduct a thorough study to assess the educational software available in retail markets for secondary and postsecondary students who choose to use such software. The Administration is not requesting funds for the program in fiscal year 2000 because it received a one-year authorization under the Higher Education Amendments of 1998.

GPRA Data/HEA Program Evaluation

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	—	—	\$4.0

This request would enable the Department to obtain the data that is needed to measure progress on many Higher Education Act (HEA) program indicators, pursuant to the requirements of the Government Performance and Results Act (GPRA). It would also permit the Department to carry out comprehensive evaluations or reports on HEA programs, including those required in the recently reauthorized Higher Education Act.

Howard University
(BA in millions)

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
Howard University Hospital.....	\$29.5	\$29.5	\$30.3
General Support.....	<u>180.5</u>	<u>185.0</u>	<u>189.1</u>
Total.....	210.0	214.5	219.4

The 2000 request would maintain support for Howard's academic operations, research, endowment, construction, and the Hospital, while giving the University broad flexibility to allocate funds to best meet its needs. The request reflects the Administration's support for maintaining and improving the quality and financial strength of an institution that provides a major avenue of postsecondary access and opportunity for African Americans.

F. EDUCATIONAL RESEARCH AND IMPROVEMENT

Overview

The Office of Educational Research and Improvement (OERI) provides essential support for the improvement of American education by building knowledge about teaching and learning and by helping to stimulate improvements in education policy and practice. OERI-supported activities include the research and development programs of the five National Research Institutes; the applied research, development, and technical assistance activities of the 10 Regional Educational Laboratories; dissemination activities and the National Library of Education; and the statistics and assessment programs of the National Center for Education Statistics. The budget request for OERI activities in 2000 is \$1.4 billion, an increase of \$498 million over the 1999 appropriation.

This total includes a \$400 million increase for the 21st Century Community Learning Centers program to support approximately 2,000 new grants to school districts for after-school programs and provide services to over one million students. These centers provide academic and recreational services in a safe, constructive environment during after-school, weekend, and summer hours. New awards will support activities such as tutoring and summer school to help educationally at-risk students to meet challenging State and local standards.

An increase of \$45 million for new research activities will help meet the growing demand by parents, teachers, and administrators for specific guidance based on reliable data. These research projects will combine rigorous methodology with sustained and multidisciplinary partnerships. Such a strategy—which endeavors to bring knowledge from research to the forefront of education reform—holds great promise for helping large numbers of children meet new and challenging standards. An important component of the new research strategy is the Interagency Education Research Initiative—a collaborative effort between the Department of Education, the National Science Foundation, and the National Institute of Child Health and Human Development. The Initiative will fund research, including large-scale studies, to better understand what works and how to design more effective practical policies for schools and classrooms.

Complementing the research program, the statistics and assessment programs support systematic, regular data collection to provide the information needed to make decisions about education policy and measure the impact of State and local reforms that change what students study, how they are taught, and how their performance is measured. The increases for statistics and assessment will be used to implement several studies mandated by the Higher Education Act and to redesign some existing data collection instruments.

In addition, direct grant programs support demonstrations and other activities that serve the OERI mission of building knowledge and sharing successful strategies. The educational technology programs are demonstrating new and effective ways to use technology to enhance teacher training and student learning. These programs are connecting students and teachers across the nation and developing models that other schools can adopt. Other proposals focus on improving mathematics instruction, particularly in the middle grades.

National Education Research Institutes

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$53.8	\$63.8	\$108.8

The Department of Education proposes a fiscal year 2000 budget of \$108.8 million for education research sponsored by the Office of Educational Research and Improvement, an increase of \$45 million over the 1999 appropriation level. Current funding supports university-based research and development centers, which conduct long-term research and development on core issues and concerns; field-initiated studies in which the topics and methods of study are determined by the individual investigators; and a variety of other research and related projects that address issues specified by OERI's five national education institutes. The requested increase will support new research that will help meet the growing demand by parents, teachers, and administrators for specific evidence-based guidance. The new activities will combine rigorous methodology with sustained multidisciplinary partnerships and will include large-scale implementation studies.

Technology to Improve Achievement in Reading and Math. Approximately \$25 million of the requested increase will support the Interagency Education Research Initiative—initiated this year as a collaborative effort between the Department of Education, the National Science Foundation (NSF), and the National Institute of Child Health and Human Development (NICHD). The goal of this research effort is to ensure that (1) all children come to school ready to learn reading and mathematics; (2) all children acquire the foundations of mathematics and reading in grades K-3; and (3) all teachers (K-12) have the content and pedagogic skills to teach reading, mathematics, and science. Particular attention will be given to the use of information and computer technologies to promote improvements in teaching and learning.

Other new research activities include:

Comprehensive School Reform Design. If the implementation of comprehensive reform is to be successful, it is critical that the design fit the circumstances of the school setting and the learning demands of students and families. The ultimate goal of this research project is to enhance current designs, bring new and stronger evidence into play, and develop new or stronger design components in order to help school systems implement more challenging standards of learning for all of their children.

Reading in English for Spanish Speakers. Latino children are twice as likely as non-Latino whites to read significantly below expectations based upon age. Despite what has been learned about reading development, reading difficulties, and reading instruction in the English-speaking population, comprehensive studies of reading acquisition with Latino children with limited English proficiency have yet to be conducted. OERI and NICHD propose to undertake a joint research and development program that will build a better demographic and skill knowledge base and develop designs to improve instruction for Latino students and preparation for their teachers.

Adolescent and Adult Literacy-Catching Up and Filling In. According to the 1996 NAEP Reading Assessment, 19 percent of 17-year-old students in the U.S. cannot search successfully for specific information, interrelate ideas, and make generalizations. Proposed research will focus

on building a more substantial knowledge base for helping middle school and high school students and young adults catch up in reading and writing ability.

Technology Tools for the Classroom. Funds will be used to develop and integrate into classrooms the software and resources needed to make new technologies part of everyday teaching. Because computers and related technologies make it possible to generate a tremendous amount of information in real time for teachers and students, research and development will also focus on developing technology-enabled assessment systems.

Regional Educational Laboratories

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$56.0	\$61.0	\$65.0

The regional laboratories promote knowledge-based school improvement to help all students meet high standards, with an emphasis on helping districts and schools serving high concentrations of low-income children. This mission is carried out through extensive programs of applied research and development designed to assist educators and policymakers in their efforts to implement effective school reforms. The laboratories test new approaches to teaching and learning, provide training and technical assistance to teachers, administrators, and policymakers, and disseminate research findings about what works with diverse student groups under a variety of conditions. In addition to providing services to meet regional needs, each laboratory conducts basic and applied research, dissemination, and technical assistance in a designated specialty area.

The 2000 request maintains support for the ongoing activities of the regional laboratories, including those related to the Demonstrations of Comprehensive School Reform (see Elementary and Secondary Education). The request also provides an increase to allow the laboratories, in their final contract year, to assist States and school districts in adopting the programs and strategies developed during the contract period.

National Dissemination Activities

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$18.8	\$18.8	\$24.5

This program gives educators across the Nation ready access to the best information and methods drawn from educational research and development. Major activities include the Educational Resources Information Center (ERIC), which contains an extensive body of education-related literature and materials, and the National Library of Education, which provides comprehensive reference services. Funds also support the Department's award-winning INet and World Wide Web services (www.ed.gov), which provide quick and easy Internet access to Department programs, publications, and related resources.

The Department's Online Library is consistently rated among the best education and government sites and the number of visitors continues to grow, with total usage double that of just a year ago. Funding for electronic dissemination also includes AskERIC, a distributed system of electronic question-answering, referral, and enhancement using a virtual library of responses to customer needs. The demand for these services is expected to increase dramatically as the E-rate helps bring thousands of schools, teachers, and students onto the Internet in the next several years.

The request will also expand the work of the OERI expert panel system, which identifies and disseminates promising and exemplary programs. In 1999 and 2000, recommendations will be made for programs in mathematics, science, and gender equity.

Statistics

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$59.0	\$68.0	\$77.5

The 2000 request includes a \$9.5 million or 14 percent increase to support the systematic, regular data collection, analysis, and reporting activities of the National Center for Education Statistics (NCES). NCES data are used by local, State, and Federal policymakers to gauge the effects of reforms, measure the return on investments in education, and make decisions about educational policy and planning. In addition, NCES databases and publications are widely used by educators, researchers, and others interested in education.

The request includes funds for a program of statistics that has evolved over the past 10 years in response to legislation, evaluation, and particular data needs and in consultation with education researchers, data providers, and data users. The statistics programs provide general statistics about the condition of, and trends in, education; collect data to monitor reform and progress toward the National Education Goals; and support the research agenda of OERI. NCES also is planning to meet the statistical needs of the future with new technologies, training, data development and analysis, and methodological studies that will make it an even more efficient organization, and its data more useful for parents, teachers, administrators, and policymakers.

More than half of the requested increase will be used to redesign and add new data elements to the Integrated Postsecondary Education Data System (IPEDS), as required by the recent reauthorization of the Higher Education Act. The new elements include student budgets; rates of receipt, and average amounts received for Federal, State, and institutional grants and loans; expenditures by institutions for salaries and benefits; expenditures for academic support services and research; and data to estimate the cost of institutions' provision of education to students.

The increase also will support new activities aimed at improving understanding of the costs of higher education, including the development of a "market basket" identifying the items comprising the costs of higher education and the dissemination of information on college costs to parents and students.

Assessment

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$35.5	\$40.0	\$44.5

The 2000 request includes a \$4.5 million or 11.3 percent increase for the National Assessment of Educational Progress (NAEP). Data on student achievement are essential for providing the public with reliable information about the condition of American education, and NAEP is the only source of nationally representative data. NAEP is used widely to judge the overall effectiveness of national education improvement efforts and is the primary source of information for assessing and reporting progress toward the National Education Goal of ensuring student competency over challenging subject matter.

The assessment of long-term trends in reading, writing, mathematics, and science will be conducted in 1999. In 2000, national assessments will be conducted in mathematics and science at grades four, eight, and twelve and in reading at grade four, and State assessments will be conducted in mathematics at grades four and eight and in reading at grade four.

The increase would support several new initiatives. The Department plans to link State assessment to NAEP for off-year analysis and reporting, enhance NAEP samples of sub-State reporting, assist States in using NAEP data for program improvement, and build State-level psychometric skills through State/university partnerships. NAEP would also develop its market basket assessment in reading. State NAEP is administered on a 4-year cycle. The market basket assessments permit jurisdictions either to administer the assessment in off-cycle years for independent measures of progress based on national standards or to link their own assessments to NAEP for estimating NAEP scores on an ongoing basis. The budget request supports the development of market basket assessments in reading at grades 4 and 8.

Other fiscal year 2000 activities would include increasing the capacity for reporting usable NAEP data on the Internet and the further exploration of the development of assessment alternatives. The NAEP redesign calls for increased use of computers in all phases of assessment: administration, scoring, and reporting of State and national NAEP.

Eisenhower Professional Development Federal Activities

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$23.3	\$23.3	\$30.0

This program supports nationally significant activities that promote long-term improvement in professional development. The 2000 request includes an increase of \$6.7 million to fund new activities under America Counts, a major new initiative to ensure that students master math fundamentals so that they are prepared to take rigorous mathematics and science courses in high school and college. Funds will support grants to examine what teachers in a district need to

know and be able to do to improve student achievement in math, and the professional development needed to bring teachers to that level.

The budget also includes funding for the Department's five-year plan to support the National Board for Professional Teaching Standards, which administers a voluntary assessment and certification process for teachers based on national standards of excellence. Teachers benefit from the opportunity to test and compare their skills against objective, peer-developed criteria for advanced practice, and many States and school districts provide monetary and employment rewards for certification. In addition to \$16 million for continued development of standards and assessments in up to 30 specialty areas, the budget includes \$2.5 million in teacher subsidies to help certify 105,000 teachers by the year 2006.

Funding will also support the Eisenhower National Mathematics and Science Education Materials Clearinghouse, which provides technical assistance to parents, students, and teachers.

Fund for the Improvement of Education

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$108.1	\$147.0	\$139.5

This program, known as FIE, supports a wide variety of activities aimed at stimulating reform and improving teaching and learning. FIE also funds (through the States) a portion of the Title I Demonstrations of Comprehensive School Reform (see Elementary and Secondary Education), which provide resources and incentives to apply research findings and strategies to help turn around failing schools.

The request includes several new initiatives for fiscal year 2000. Schools as Centers of Community would provide \$10 million to help local school districts plan and design new school buildings that can enhance teaching and learning as well as serve the broader needs of the community. The budget also provides \$10 million for planning and implementation grants to help school districts establish satellite Worksite Schools in partnership with local businesses. Children would have the option of attending a public school located at their parents' place of employment in order to promote parental involvement, ease overcrowded schools, and enhance diversity. Troops to Teachers would make available \$18 million to help retiring military personnel and other mid-career professionals become teachers in public schools. Additional funds are provided for a new initiative in the area of writing and a project to develop measures of discrimination in the public education system.

The FIE request also includes \$16 million to continue development of voluntary national tests in reading and math. Most of the funds would be transferred to the National Assessment Governing Board to support the development and a pilot test of test items and the field testing of test forms. First administration of the tests is scheduled for March 2002, and 2000 funds would not be used for test distribution or administration.

Javits Gifted and Talented Education

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$6.5	\$6.5	\$6.5

The request includes level funding for this program, which helps demonstrate effective strategies for developing and implementing academic programs for gifted and talented students that can be used to create rich and challenging curricula for all students. A small number of new grant awards in 2000 will place priority on projects serving schools with high concentrations of low-income students and those students who may not be identified and served through traditional methods. A recent study of Javits projects reveals positive outcomes in student achievement and self-esteem, parental involvement, classroom practices, and identification of disadvantaged students as gifted. Funds will also support the National Center for Research and Development in the Education of Gifted and Talented Children and Youth.

Eisenhower Regional Mathematics and Science Education Consortia

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$15.0	\$15.0	\$17.5

The request includes an increase of \$2.5 million to permit regional math and science consortia to expand their technical assistance efforts, especially in high poverty areas. The consortia also will implement key strategies outlined in the Education/National Science Foundation (NSF) Action Strategy, including support and technical assistance for recipients of Eisenhower Federal Activities grants that engage in school leadership development and professional development for teachers. Finally, the consortia will continue collaborative efforts with the Eisenhower National Clearinghouse to disseminate information and resources on the Third International Mathematics and Science Study, NSF-developed curriculum materials, and programs identified by the Department's expert panel.

National Writing Project

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$5.0	\$7.0	\$10.0

The 2000 request will increase support for the National Writing Project, a nationwide program aimed at improving student writing abilities by improving the teaching of writing in the Nation's schools. Improving student writing through high-quality professional development is a priority for the Department as a complement to the Reading Excellence Act initiative. The National Writing Project is an effective "teachers-teaching-teachers" model for recognizing successful practices and promoting exemplary instruction of writing, regardless of subject area. The increase in 2000 will support efforts to provide teacher training in every State and geographic area.

Civic Education

	<u>1998</u>	<u>1999</u>	<u>2000</u> <u>Request</u>
BA in millions	\$5.5	\$7.5	\$9.5

The request would provide an increase of \$2 million for the Civic Education program, which fosters good citizenship and civic responsibility for significant numbers of students while helping them develop an in-depth understanding of the U.S. Constitution. This purpose is accomplished primarily through the Center's program *We the People... The Citizen and the Constitution*. In addition to a course of instruction made available to public and private elementary and secondary schools, the program provides, at local request, simulated congressional hearings, and sponsors a national competition of such hearings for secondary school students. Requested funding will support training teachers and State and district coordinators, enable the program to reach greater numbers of students, and provide funds for the production and distribution of a CD ROM product that complements the program.

International Education Exchange

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$5.0	\$7.0	\$7.0

This program helps support democracy and free market economies in Eastern Europe, the Commonwealth of Independent States, other countries that formerly were part of the Soviet Union, Northern Ireland, the Republic of Ireland, and other developing countries. The program provides curricula and teacher training in civics and economics education to educators and other leaders from those countries, as well as the opportunity to exchange ideas and experiences with teachers in the U.S. and other participating countries. The 2000 request would support continuation of grants awarded in 1997 to two independent non-profit organizations with significant expertise in civics education and economic education, respectively.

21st Century Community Learning Centers

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$40.0	\$200.0	\$600.0

The 2000 request triples funding for this program to significantly expand Federal support for before- and after-school programs and expand learning opportunities for over one million children. This request, along with proposed matching funds, will help approximately 2,000 districts create or expand some 6,000 school-based centers that provide academic and recreational services to students and other members of the community. Including continuation grants for the centers funded in the 1998 and 1999 competitions, the program would support a total of 7,700 centers.

Demand for school-based programs outstrips supply at a rate of about 2 to 1. In 1998, with \$40 million available, the Department received 1,965 applications, requesting over \$540 million in funding, and proposing \$331 million in matching funds, making this program the most competitive in the Department's history. An August 1998 national survey funded by the Charles Stewart Mott Foundation found that over 90 percent of voters favored providing school-based enrichment programs during after-school hours.

The 2000 competition will give priority to schools working towards the elimination of social promotion, in recognition of the role that Community Learning Centers can play in preventing both social promotion and grade retention by providing such services as tutoring, mentoring, and summer school.

Technology Innovation Challenge Grants

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$106.0	\$115.1	\$110.0

Technology Innovation Challenge Grants support the development of innovative and effective applications of technology in the classroom. The request would support continuation grants for approximately 100 projects serving low-income school districts. The Challenge Grants program is supporting the National Technology Goals by developing educational uses of technology tied to content and teacher training that can serve as models for States and LEAs throughout the Nation. The program is one of the most competitive in the Department, and leverages millions of dollars in matching contributions and stimulates partnerships among educators, community organizations, business, and industry.

Regional Technology in Education Consortia

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$10.0	\$10.0	\$10.0

The Department requests level funding for this program, which supports six regional consortia that help States, districts, and schools integrate technology with teaching and learning. Each consortium develops a program of professional development, technical assistance, and dissemination of information that addresses the particular needs of educators and learners in its service area. As more States and schools develop strategic plans and make substantial investments in technology, the consortia provide reliable information and assistance in areas such as teacher training and effective instructional uses of technology.

Educational Technology National Activities

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
Teacher training in technology	—	\$75.0	\$75.0
Community-based technology	—	10.0	65.0
Technology leadership activities		2.0	2.0
Middle school teacher training	—	—	30.0
Software development initiative	—	—	5.0
Total	—	87.0	177.0

The 2000 request includes increased funding for National Activities to support two new initiatives and to continue the 1999 initiatives.

The Department is requesting \$30 million for the Middle School Teacher Training initiative, which would support a technology teacher leader in every middle school. In the first year, funds would

go to one-third of the Nation's 14,000 public middle schools, with a preference for schools that are prepared to establish technology literacy requirements. In the second and third years, funding would continue for this first group of schools, and incrementally support the remaining middle schools. Technology literacy may be defined as the ability to apply technology in meeting information needs and developing solutions to real-world problems, building on the necessary basics of reading, writing, and other core subject areas.

The request also provides \$5 million for the Software Development initiative. These competitive grants would encourage the development of high-quality educational software and Web sites by middle and high school students in partnership with university faculty, software developers, and experts in educational technology. In its first year, the competition would emphasize mathematics, science, and reading.

The Department requests \$2 million Technology Leadership Activities to continue to promote leadership in the field of educational technology and to enhance the impact of the Department's technology programs. Leadership funds will be used to bring together public and private entities to help schools and communities effectively use all available resources in technology and education.

Teacher Training in Technology is described under the section for the Office of Postsecondary Education. Community-Based Technology Centers is described under the section for the Office of Vocational and Adult Education.

Star Schools

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$34.0	\$45.0	\$45.0

The Department requests level funding to continue demonstration projects that use distance learning technology to provide instructional programs for students and professional development activities for teachers who otherwise would not have access to such programs and activities. The request will support a new grant competition and continuation of the 1999 and 1997 general education awards, the adult learning and high school completion awards made in 1996, and dissemination, leadership and evaluation activities.

Star Schools projects provide a range of services to teachers, such as video and interactive broadcast training programs, teacher networks, and support materials. In recent years the program has focused more on multiple and cutting-edge technologies, in response to dramatic developments in telecommunications technology. Since its inception, the program has served more than 6,000 schools across the country. More than 2 million students have benefited from instructional programming, and more than 30,000 teachers have completed Star Schools professional development courses and workshops.

Ready to Learn Television

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$7.0	\$11.0	\$7.0

The request would support the development of educational programming centered on school readiness, as well as local educational and community outreach activities such as materials, workshops, distribution of children's books, and collaboration with local organizations. In 2000, the existing award to the Corporation for Public Broadcasting will end, and a new award will be made.

Telecommunications Demonstration Project for Mathematics

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
BA in millions	\$2.0	\$5.0	\$2.0

This program promotes excellent teaching in mathematics through sustained professional development and teacher networks, using telecommunications to train math teachers to help all students achieve State content standards in mathematics. Funding at this level will support a new award for the development of such training. The current award, for a program called PBS Mathline, delivers professional development through videos and on-line communications, allowing teachers opportunities to learn at times and locations they find convenient and to share ideas and strategies for effective mathematics instruction.

G. DEPARTMENTAL MANAGEMENT

	<u>1998</u>	<u>1999</u>	<u>2000 Request</u>
<u>Discretionary Salaries and Expenses (S&E)</u> (BA in millions)			
Program Administration ^{1,2}	\$343.9	\$364.5	\$386.0
Office for Civil Rights.....	61.5	66.0	73.3
Office of the Inspector General.....	30.2	31.2	34.0
Federal Family Education Loans ²	46.5	47.3	48.0
Other ³	<u>8.2</u>	<u>9.1</u>	<u>10.2</u>
Total, Discretionary S&E	490.3	518.1	551.5
<u>Permanent mandatory authority</u> (BA in millions)			
Student Loan Administration:			
HEA Section 458 ^{2,4}	362.0	440.5	555.0
Payments for Services by Guaranty Agencies	<u>170.0</u>	<u>177.0</u>	<u>180.0</u>
Total, Permanent mandatory authority.....	532.0	617.5	735.0
Total Federal Administration (excluding Guaranty Agency Payments).....	852.0	958.6	1,106.5
<u>Full-time equivalent employment (FTE) ⁵</u>			
Program Administration ¹	2,634	2,710	2,751
Office for Civil Rights.....	685	724	724
Office of the Inspector General.....	279	285	285
Federal Family Education Loans.....	361	368	368
Student Loan Administration	517	571	571
Other ³	<u>32</u>	<u>36</u>	<u>38</u>
Total	4,508	4,694	4,737

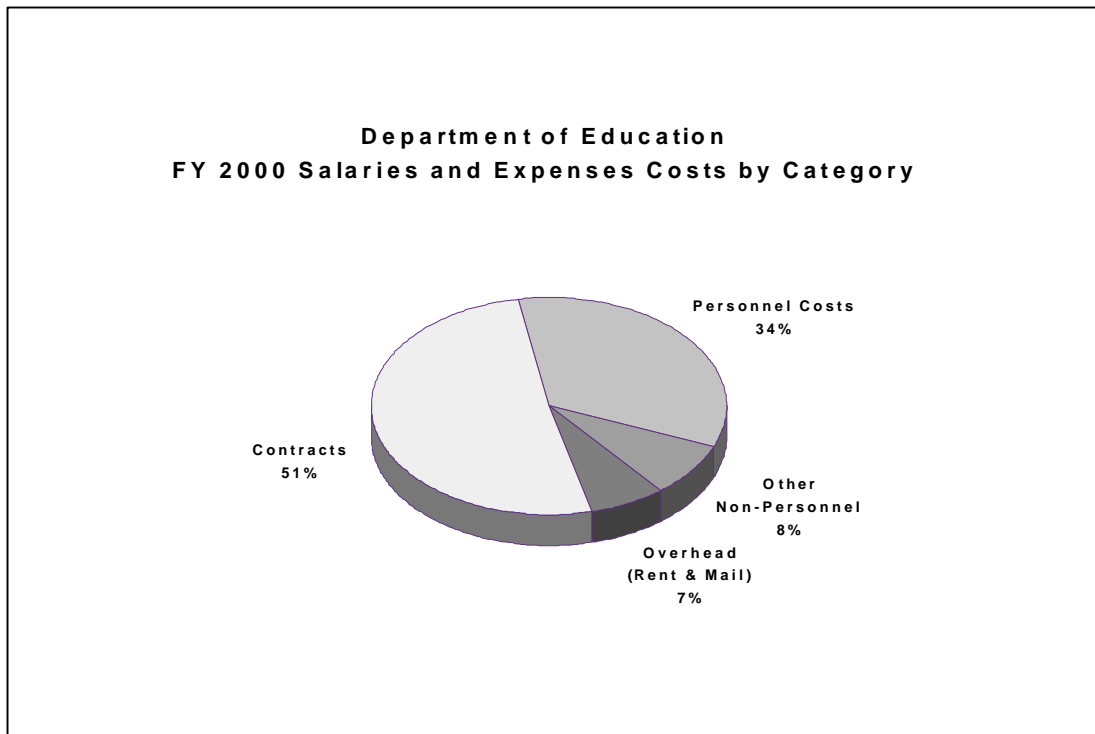
¹ In 1998 the Program Administration account includes administrative costs and FTE previously provided under the Indian Education account.

² In 1999 includes real transfers from the Y2K Contingent Emergency Fund of \$2.5 million in Program Administration, \$794,000 in FFEL, and \$531,000 in the HEA Section 458.

³ Includes small Federal Credit accounts and S&E activities in program accounts. Excludes National Institute for Literacy grants.

⁴ In 1998 includes a \$25 million transfer from Treasury Special Deposit account.

⁵ Actual FTE usage in 1998; maximum target for 1999 and 2000.



The Department's 2000 budget request for Salaries and Expenses (S&E) will pay the costs of the staff, overhead, contracts, and other activities needed to administer and monitor about 170 educational assistance programs and provide over \$50 billion in grants and loans each year to nearly 9 million postsecondary students.

The Department is requesting \$551.5 million for its discretionary S&E budget in 2000, an increase of \$33.4 million over the 1999 level. Most of the increase is for the 1999 and 2000 pay raises announced by President Clinton. Even with the increase, the total administrative budget is less than two percent of the Department's total discretionary budget.

Mandatory Federal administrative costs—primarily associated with the postsecondary student loan programs—will increase by \$114.5 million. The mandatory increase is primarily required to originate, service, and collect student loans. The funding has contributed to the decline in the default rate, improvements in collections, and better services to students and families seeking aid for college expenses.

Over 50 percent of the Department's S&E budget is funded under a permanent mandatory appropriation that supports the operations of the student loan programs and other student financial aid management. The largest single expense under this appropriation is the cost of private sector contractors who originate and service Direct Student Loans. The permanent mandatory account also supports all student aid programs through a variety of other contracts, such as the National Student Loan Data System, as well as payments to 36 non-Federal guaranty agencies that help administer the Federal Family Education Loan (FFEL) program. Both Direct Loan servicing costs and FFEL guaranty agency payments fluctuate with loan

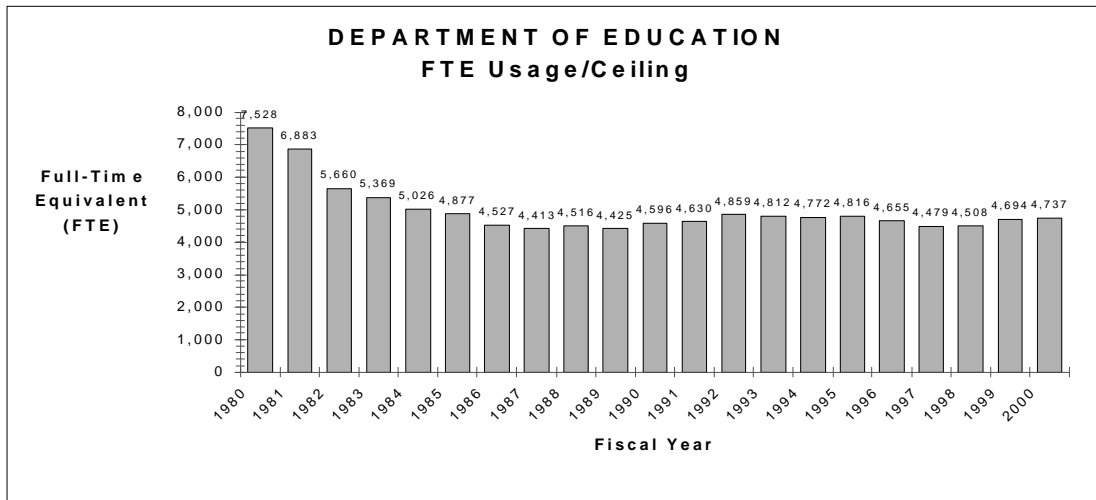
volume. Because student loan volume grew significantly in the last five years, administrative costs for servicing and collection will continue to increase.

The Higher Education Act Amendments of 1998 ("HEA amendments") restructured the Office of Postsecondary Education into two components: (1) the new performance-based Office of Student Financial Assistance Programs (OSFAP) and (2) the reorganized Office of Postsecondary Education (OPE). The reorganization is designed to better focus resources and management expertise by transforming OSFAP into a performance-based organization (PBO) reporting directly to the Secretary. As required by the HEA amendments, a five-year performance plan for OSFAP will be submitted to Congress in the spring of 1999.

Department Employment

With a 1999 target of 4,694 FTE, staffing levels are nearly 40 percent below the 1980 level of 7,528 FTE when the Department was created, and 165 FTE below the 1992 level. The Department's reinvention and restructuring efforts over the last few years—combined with technology and financial management systems improvements, attrition, and retirements—have resulted in a Department that works better, costs less, and operates efficiently with a reduced staff level.

The 2000 staffing request for the Department is 4,737 FTE, an increase of 43 FTE from the 1999 level of 4,694 FTE. The increase reflects the new programs and the additional responsibilities placed on the Department because of the high priority given to education by President Clinton. In addition to the overall increase, the Department plans to continue to shift current staff to high priority areas from activities where they are no longer needed due to streamlining efforts or the consolidation or elimination of programs.



The Department has maintained operations in spite of reduced staffing levels in part by relying heavily on automation and private contractors to handle such functions as awarding grants, processing student aid applications, and providing grants and loans to some 9 million college students. Already the smallest of the 14 Cabinet agencies, the Department minimizes administrative tasks and privatizes functions that can be handled more efficiently by outside contractors. A prime illustration is the use of contracts to operate the Direct Student Loan program.

Program Administration

Administrative support for most programs and offices in the Department is provided by the Program Administration account. The 2000 request for this account is \$386 million, an increase of \$21.5 million over 1999, including \$223 million for staff pay and benefits and \$163 million for non-pay costs. Staffing paid for from this account would increase from 2,710 FTE in 1999 to 2,751 FTE in 2000. The \$223 million request for salaries and benefits, which is 58 percent of the total, reflects average employee pay raises of about 3.6 percent in January 1999 and another 4.4 percent estimated for 2000, covering both national and locality pay raises. The account also finances rent, travel, and computer support for the staff and some contract costs of the student aid programs.

Postsecondary Education Management

The major focus of the Department's S&E budget continues to be improving management of student financial aid and other postsecondary education programs as well as the successful implementation of Direct Loans. The importance of these management responsibilities is reflected in restructuring that created the PBO for student aid. Greg Woods was sworn in as Chief Operating Officer of the PBO on December 8, 1998, and is now moving ahead to develop performance measures and a five-year budget plan consistent with the Higher Education Act Amendments of 1998. As noted above, the Department expects to submit these plans to Congress in late spring 1999.

Excluding \$180 million in payments for services to FFEL guaranty agencies, student aid administration spending will total \$687 million in 2000, or more than 60 percent of the Department's total administrative budget. About 81 percent of this \$687 million reflects mandatory funding authorized under Section 458 of the Higher Education Act; the remaining funds are provided under the discretionary Program Administration account and smaller accounts supporting the administration of the FFEL, College Housing and Academic Facilities Loans, and HBCU Capital Financing programs.

Major activities supported with these funds include:

Direct Loans. Origination and servicing costs for Direct Loans account for over 40 percent of Department administrative spending on postsecondary education. The Direct Loan program grew from 7 percent of total loan volume in academic year 1994-95 to 33 percent in 1997-98, and is expected to remain at that level for the next few years. As large numbers of loans have begun to enter repayment, servicing costs will continue to increase as Department contractors distribute increasing numbers of statements and coupon books, respond to more requests for account information, and collect and process additional payments. Costs for this contract will increase by

\$69.3 million over the 1999 level, as the number of Direct Loans on the servicing system grows by 25 percent, from 13.5 million to 17.0 million.

Student Aid Delivery. The Department expects to provide over \$52 billion in grants and loans to almost 9 million students in 2000. In awarding this aid, the Department expects to spend over \$69.5 million on contracts with a number of private firms to process paper and electronic applications, determine student eligibility, and maintain information management systems required to transfer data and funds between the Department and the more than 6,000 schools participating in the Federal student aid programs.

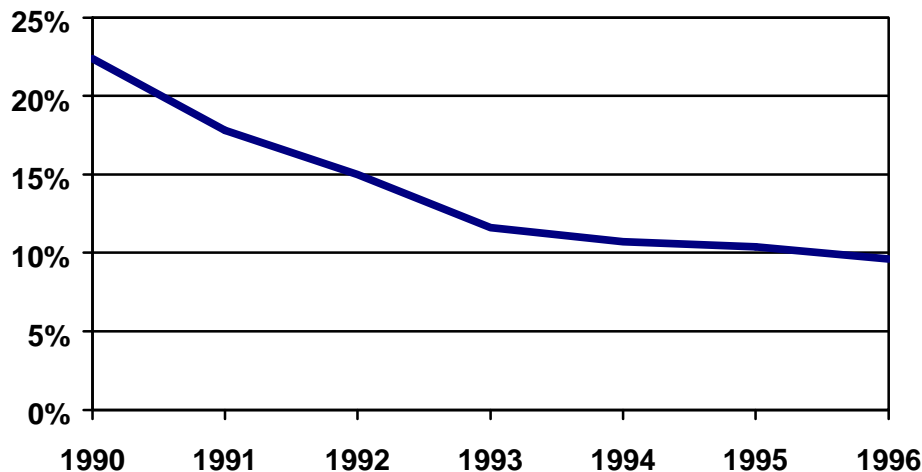
National Student Loan Data System. The budget includes \$15.8 million in 2000 for the National Student Loan Data System (NSLDS), a national database of loan-level account information. The system is used to screen financial aid applications to prevent loans to applicants who have defaulted on their student loans or who have reached maximum award levels, and to compute institutional default rates. This system has already prevented more than \$1 billion in grants and loans from being made to ineligible students.

System Modernization. The Department is increasingly focusing on streamlining and modernizing the multi-million dollar computer systems that support the delivery and management of Federal student financial aid. The Department is also working closely with the higher education community on Project EASI (Easy Access for Students and Institutions), which is intended to streamline and simplify the Federal student aid application and delivery system through sophisticated electronic links between the Department and participating schools, guaranty agencies, lenders, and students.

Ensuring Program Integrity. The Department dedicates almost 393 FTE to ensure that institutions participating in Federal student aid programs—including schools, accrediting associations, lenders, private service contractors, and guaranty agencies—meet statutory eligibility requirements and operate in accordance with all statutory and regulatory guidelines. In addition, an increasing number of problem schools are being removed from the student aid programs. Since 1995, over 1,700 schools have been removed from the Title IV programs.

Default Rates. Schools are excluded from participation if their cohort default rate exceeds 25 percent. For loans entering repayment at the end of 1996, 9.6 percent had defaulted by the end of 1996. This rate is down from 10.4 percent the previous year and from 22.4 percent for loans that entered repayment in 1990.

Student Loan Cohort Default Rate



Increasing Debt Collection. Collections on defaulted loans by the Federal Government and guaranty agencies more than doubled from \$1 billion in 1992 to \$2.2 billion in 1998, contributing to a steady decline in net default costs. The direct cost for Department data system contracts supporting these collection activities totaled \$30 million in 1998.

Improving Customer Service. The Department is also committed to increasing access to information on Federal student aid, both through printed materials such as the *Student Guide* (also available on the World Wide Web at www.ed.gov) and through enhanced capacity to respond to specific requests. Spending on the Department's contract to maintain a toll-free information line (1-800-4FED-AID) and to respond to written requests for information will increase from \$15 million in 1999 to \$17 million in 2000. This increase reflects expected growth in the volume of requests and ongoing improvements in the timeliness and accuracy of the Department's responses.

Administrative and Management Accomplishments

Departmental Audit. In 1998, the Department received an unqualified opinion by independent auditors that its fiscal year 1997 financial statements were fairly presented. This is the first "clean" audit that the Department has received. An audited financial statement is like a "scorecard" that reflects the Department's progress in achieving the significant financial management reforms required by the Chief Financial Officers Act and in providing effective stewardship and management of Government funds.

Strategic Plan and Annual Performance Plan. The Department's five-year Strategic Plan submitted to Congress established goals and objectives for the Department. The House leadership gave the Plan the second highest grade among the 24 cabinet departments and major independent agencies that are subject to the Chief Financial Officers Act. The Plan was cited for being "user friendly" and for providing a coherent framework of goals, objectives and indicators that set direction and allow for the measurement of progress and accountability. The

Department's Annual Plan for 1999, which updates the Strategic Plan by presenting indicators of performance, was submitted to Congress in February 1998. It received the third highest grade.

FOB-6 Renovation. In 1998, the renovation of the Department's primary headquarters building in Washington, D.C. was completed. Approximately 1,000 staff from FOB-10 and nearly 300 additional staff from two commercially leased buildings moved back into the newly renovated building. Renovations to other facilities housing Department employees are planned for the near future.

Performance-Based Organization. In keeping with the provisions of the Higher Education Act Amendments of 1998, the Department created its first performance-based organization, the Office of Student Financial Assistance Programs. The new organization, which reports directly to the Secretary, is designed to better focus resources and management expertise on student financial assistance issues by establishing clear goals and incentives for improved performance.

Specifically, the PBO will be held accountable for performance objectives such as improving customer satisfaction; providing high quality, cost-effective services; enhancing the ability to respond to the rapid rate of technological change; implementing a common, open, integrated system for student financial aid delivery; and providing complete, accurate and timely data to ensure program integrity.

Year 2000. The Department has completed Year 2000 compliance work on 12 of its 14 mission-critical systems. All mission critical systems will be fully validated and implemented by March 1999. With the submission of its November 1998 progress report, the Department was upgraded to a "C" on its Year 2000 compliance activities on the congressional "Report Card". The Department has also been a leader in outreach on Year 2000 issues to elementary and secondary schools and postsecondary institutions and assessments to assist them in their efforts related to Year 2000 compliance.

World Wide Web. The Department continued development of its award winning Internet site (www.ed.gov) which provides a critical communications link to the Department's customer base. Specifically, the Internet connects ED with grantees, educational institutions, government agencies, contractors, and others. The Internet site allows students to apply for financial aid directly on-line, and other grant recipients can handle financial transactions through the Internet.

ED Pubs. The "ED Pubs" initiative, which was implemented in 1998, is designed to improve the efficiency of the Department by providing teachers, parents, researchers, and others with a stake in education with a "one-stop-shopping" approach to the dissemination of materials produced by the Department. A distribution facility has been established by the contractor for the centralized storage of materials, mailing of publications, and dissemination of grant application materials. Customers can access materials by calling 1-877-4ED-PUBS or through the Internet at www.ed.gov/pubs/edpubs.html.

ED Pubs has generated cost savings to date of over \$300,000 through sending products by the most economical method. Consolidation of duplicate mailing lists is expected to produce additional savings.

Grants and Administrative Payment System. The Department recently implemented its new Grants and Administrative Payment System (GAPS), one of the components of the new financial management system, to streamline payment processing and reporting for its recipients. The

GAPS system allows the Department's grantees to draw down funds against grant obligations. Implementation of the system has provided benefits to the Department's grantees, payees and recipients by simplifying reporting, providing access to the system through the Internet, giving payees the ability to modify payment requests prior to receipt of funds, and providing access to more timely and accurate financial information.

Technical Note on Advance Funding

Appropriations acts in recent years have provided funds for Title I of the Elementary and Secondary Education Act on an "advance" funded basis. For example, the 1999 appropriation provided \$7.676 billion for Title I Grants to Local Educational Agencies for school year 1999-2000. Of this total, \$1.528 billion is available on July 1, 1999 for grant obligation by the Department. The remaining \$6.148 billion becomes available for grant obligation on October 1, 1999. Because schools receiving Title I funds spread their use of the grant money throughout the 1999-2000 school year, the timing for the availability of Federal grants should not affect schools. The Department merely issues two grants for each school year, and the only effect of the "advance" funding is to delay "budget authority" from one fiscal year to the next. As long as a similar amount is appropriated in subsequent years, there is no impact on recipients.

A request for similar advance funding is included in the 2000 budget for Special Education Grants to States. Again, there will be no impact on recipients. However, 2000 budget authority for Special Education Grants to States will be less than the intended program level.

Office for Civil Rights

The Department's Office for Civil Rights (OCR) investigates discrimination complaints, conducts compliance reviews, monitors corrective action plans, and provides technical assistance on civil rights issues. The 2000 request for OCR is \$73.3 million, an increase of \$7.3 million over the 1999 level. About \$53.2 million of the OCR budget is for staff pay and benefits for its 724 FTE; the remaining \$20.1 million covers overhead costs as well as computer equipment, data analysis and reporting activities, travel, staff training, and other contractual services.

Almost 90 percent of OCR staff are assigned to 12 enforcement offices in four regional enforcement divisions. OCR plans to manage its increasing workload in 2000 by reliance on the redesigned complaint resolution process and Case Resolution Teams. OCR also will continue enforcement activities such as partnerships with State and local education agencies, empowerment of parents and educators through clarification and guidance in key civil rights areas, and increased staff training on civil rights issues. Although over half of the complaints filed with OCR allege discrimination on the basis of disability, OCR continues to address all educational equity issues.

Office of the Inspector General

The Office of the Inspector General (OIG) conducts audits and investigations of the Department's programs and activities to help ensure accountability for taxpayer-provided funds and to identify management improvements. In fiscal year 1998, the Department recovered nearly \$30 million as a result of OIG's audit findings and investigations.

The 2000 request for the OIG is \$34 million, and increase of \$2.8 million over 1999. Over \$24 million of the total covers overhead costs, travel, and contractual costs for OIG audit activities. Nearly 70 percent of the budget increase is for built-in costs, including pay adjustments and Department overhead costs.

Three-quarters of OIG staff are assigned to 8 regional and 11 field offices (6 of which are flexiplace locations), where they investigate allegations of fraud on the part of recipients of program funds and conduct audits of the Department's programs and operations. In 2000, OIG will focus a majority of its program and operations improvement efforts on Student Financial Assistance programs, Elementary and Secondary Education Act programs, Department systems audits and the audit of the Department's financial statements. Most compliance activities will continue to focus on the Student Financial Assistance programs.

APPENDICES

Tables:

- Total Expenditures for Education in the United States
- Detailed Budget Table by Program